

LEGISLATIVE FIXES FOR LINGERING PROBLEMS THAT HINDER KATRINA RECOVERY

(110-43)

HEARING

BEFORE THE

SUBCOMMITTEE ON

ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS AND
EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON

TRANSPORTATION AND

INFRASTRUCTURE

HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

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U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

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May 9, 2007

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SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Economic Development, Public Buildings, and Emergency Management

FROM: Subcommittee on Economic Development, Public Buildings, and Emergency Management Staff

SUBJECT: Hearing on "Legislative Fixes for Lingering Problems that Hinder Katrina Recovery"

PURPOSE

The Subcommittee on Economic Development, Public Buildings, and Emergency Management will meet on Thursday, May 10, 2007, at 2:00 p.m., in room 2167 Rayburn House Office Building, to discuss "Legislative Fixes for Lingering Problems that Hinder Katrina Recovery". At this hearing the Subcommittee will hear from Members of Congress representing Gulf Coast districts, which are still recovering 20 months after Hurricane Katrina.

BACKGROUND

Hurricane Katrina made landfall on August 29, 2005, and proved to be the costliest natural disaster in American history. The storm had a massive physical impact on the land, affecting 90,000 square miles, which is an area the size of Great Britain. More than 80 percent of the City of New Orleans flooded, comparable to seven times the size of Manhattan. Under the authority granted to the President in the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207, the President declared a major disaster in the States of Mississippi and Louisiana on the date the storm made landfall.

The Stafford Act authorizes disaster assistance that the Federal Emergency Management Agency (FEMA) provides after a major disaster. While the authority of the Stafford Act is very broad and flexible, it does not anticipate every circumstance that can arise in a disaster such as Hurricane Katrina. Historically, when catastrophic or unusual disasters strike, FEMA and Congress work cooperatively to identify areas where FEMA needs specific authority or direction. However,

circumstances were different in dealing with Hurricane Katrina. When Katrina struck, FEMA was not a flexible or independent government agency. Rather, FEMA was an organization within the Department of Homeland Security, a larger bureaucracy, and without direct access to the President and Congress. This lack of autonomy was magnified by the unprecedented scope and magnitude of Katrina.

At the hearing, Members will testify on issues that are still affecting and hindering recovery in their districts, even though more than 20 months have elapsed since Katrina. The Committee expects some Members to propose specific solutions to the problems identified. In some cases, new specific authority or Congressional direction will be suggested.

PRIOR LEGISLATIVE AND OVERSIGHT ACTIVITY

The Subcommittee has not held legislative hearings specifically dedicated to Katrina legislative remedies; however, the Committee and Subcommittee did hold several hearings dealing with Katrina-related issues:

- “Recovering after Katrina: Ensuring that FEMA is up to the Task” (October 2005)
- “A Vision and Strategy for Rebuilding New Orleans” (October 2005)
- “Legislative Proposals in Response to Hurricane Katrina” (November 2005)
- “Disasters and the Department of Homeland Security: Where Do We Go From Here?” (February 2006)
- “Post-Katrina Temporary Housing: Dilemmas and Solutions” (March 2007)
- “FEMA’s Emergency Food Supply System” (April 2007)
- “FEMA’s Preparedness and Response to ALL Hazards” (April 2007)
- “National Levee Safety and Dam Safety Programs” (May 2007)

In this Congress, the Committee reported H.R. 1144, the Hurricanes Katrina and Rita Federal Match Relief Act of 2007, to provide significant relief for communities devastated by Hurricanes Katrina, Rita, and Wilma and focused on unaddressed concerns since these disasters. An amended form of the legislation was included in the Emergency Supplemental Appropriations bill that passed the House and Senate and was submitted to the President. The Committee also collaborated with the Committee on Financial Services on H.R. 1227, the Gulf Coast Hurricane Housing Recovery Act of 2007, to ensure that Louisiana could use its Hazard Mitigation Program funds for its Road Home program. These protections were included in the legislation that passed the House in March.

During the 109th Congresses, the Committee enacted the following related bills:

- Community Disaster Loan Act of 2005 (P.L. 109-88)
- Predisaster Mitigation Program Reauthorization Act of 2005 (P.L. 109-139)
- Katrina Emergency Assistance Act of 2006 (P.L. 109-176)
- Local Community Recovery Act of 2006 (P.L. 109-218)
- Post-Katrina Emergency Management Reform Act of 2006 (P.L. 109-295)
- Rural Disaster Assistance Fairness Act of 2005 (P.L. 109-295)
- Disaster Relief Equity Act of 2005 (P.L. 109-295)

WITNESS LIST

PANEL I

The Honorable Gene Taylor
Member of Congress
Mississippi, District 4

The Honorable Charles W. “Chip” Pickering
Member of Congress
Mississippi, District 3

PANEL II

The Honorable Richard H. Baker
Member of Congress
Louisiana, District 6

The Honorable Charles W. Boustany, Jr.
Member of Congress
Louisiana, District 7

The Honorable William J. Jefferson
Member of Congress
Louisiana, District 2

The Honorable Charlie Melancon
Member of Congress
Louisiana, District 3

The Honorable Bobby Jindal
Member of Congress
Louisiana, District 1

LEGISLATIVE FIXES FOR LINGERING PROBLEMS THAT HINDER KATRINA RECOVERY

Thursday, May 10, 2007

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC
BUILDINGS AND EMERGENCY MANAGEMENT,
Washington, DC.

The subcommittee met, pursuant to call, at 2:05 p.m., in Room 2167, Rayburn House Office Building, Hon. Eleanor Holmes Norton [chairman of the subcommittee] Presiding.

Ms. NORTON. I want to welcome members who will be testifying at today's hearing, which will address issues still outstanding 20 months after Hurricane Katrina made its devastating landfall. We will hear from members of the gulf coast region, who describe issues that still prevent full recovery from this disaster in their communities. This hearing continues an aggressive oversight and legislative agenda on the subcommittee of FEMA matters.

This is our subcommittee's fifth hearing on FEMA issues this year. Perhaps most significantly, we moved the most important legislation requested by gulf State officials. Working with the Democratic leadership, we quickly passed out of committee H.R. 1144, the Hurricanes Katrina and Rita Federal Match Relief Act of 2007 to provide urgently needed relief from several matching requirements for communities devastated by hurricanes Katrina Rita and Wilma.

An amended form of legislation is included in the emergency supplemental appropriation that passed the House and Senate and was sent to the President. We also collaborated with the Committee on Financial Services on H.R. 1227, the Gulf Coast Hurricane Housing Recovery Act of 2007 to ensure Louisiana's ability to use its hazard mitigation program funds for its road home program.

These protections were included in the legislation that passed the House in March. Hurricane Katrina made landfall on August 29, 2005 and had a massive physical impact affecting 90,000 square miles—an area the size of Great Britain. More than 80 percent of the City of New Orleans flooded an area seven times the size of Manhattan. Under the authority granted the President in the Stafford Disaster Relief and Emergency Assistance Act, the President declared a major disaster in the States of Mississippi and Louisiana on that date.

The Stafford Act authorizes the disaster assistance that FEMA provides after a major disaster. While the authority of the Stafford

Act is very broad and flexible, it does not anticipate every circumstance that can arise in a disaster, particularly a catastrophic disaster of the unprecedented size and cost of Hurricane Katrina.

Historically when catastrophic or unusual disasters struck, FEMA and Congress worked cooperatively to identify areas where FEMA needed special authority or direction. However, when Katrina struck, FEMA was not a flexible or independent government agency, but an organization within the Department of Homeland Security, a larger bureaucracy, without direct access to the President or Congress.

I believe that this structure was a factor in preventing FEMA from engaging with Congress as they have in the past. The problem was further magnified by the unprecedented scope and magnitude of Katrina. As a result, Congress must act to fill holes that are withholding recovery on the gulf coast.

Today, I expect we will hear some matters that are normally not covered by the Stafford Act and probably for good reason, as the Stafford Act is only supposed to supplemental or replace what State and local governments do after a disaster. But the devastation of Katrina requires that we look at these issues differently and consider what may be needed to provide some further assistance for recovery from Katrina and Rita where appropriate, even if not warranted in other disasters.

We very much look forward to hearing from the members this afternoon and I am pleased to ask Ranking Member Mr. Graves if he has any remarks at this time.

Mr. GRAVES. Thank you, Madam Chairwoman. Two months after Katrina made landfall in the gulf coast, this subcommittee recognized that the recovery in the region was already in a critical stage, and we held similar hearings at that time to discuss legislative proposals to spur on a successful recovery.

Today we are meeting to hear legislative proposals to address lessons learned from the gulf coast recovery and other disasters that have happened since the fall of 2005. I look forward to the numerous proposals on issues ranging from everything from accountability to changes in the Stafford Act amendments and ensuring that the success and future recoveries at least goes a lot smoother.

After a massive disaster like Hurricane Katrina, the sooner the community recovers, the less it is going to cost the taxpayers. In the long run, it is important to get businesses up and running and people back in their communities so the community can be once again self sufficient and productive. We need to ensure that communities have the tools for a quick and efficient recovery. And we should also be mindful that accountability is paramount to successful recovery of a region.

In this effort, every dollar we lose to waste fraud and abuse is a dollar that is not spent helping the people of an impacted region.

Additionally, there may be some projects where people have moved on and sought relief outside the regular process because the system wasn't working for them and they couldn't wait any longer for help. Although no longer pending, these cases also serve as examples where changes might prevent future problems that slow down the recovery process.

Madam Chairwoman, I look forward to hearing the proposals from our colleagues today, and I thank you for this hearing.

Ms. NORTON. Thank you very much, Mr. Graves. We now will hear from the Mississippi panel. I would like to ask first, Mr. Taylor, who is a member of the committee, to testify and then Mr. Pickering, both of Mississippi.

Mr. Taylor.

**STATEMENT OF THE HON. GENE TAYLOR, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF MISSISSIPPI**

Mr. TAYLOR. Thank you, Madam Chairwoman and Ranking Member Graves, and I want to thank you and your staff for working with me, Brian Martin and other members of my staff to try to resolve some of the problems that have surfaced since the storm.

Ms. NORTON. Is your microphone on?

Mr. TAYLOR. I believe it is. I will get a little closer. Again, I want to thank you and your staff for working with Brian Martin and my staff and other Members as we recognize problems trying to find legislative solutions to them.

I want to thank you for conducting this hearing and agreeing to draft legislation to resolve the remaining problems with FEMA and the Stafford Act that hinder recovery after Hurricane Katrina. More than 20 months after the storm, there are obvious signs of recovery on the Mississippi gulf coast. But we still have a long way to go. Many of the homes that were damaged but not destroyed have been repaired.

Those that have been completely rebuilt are coming along more slowly. And every week when I go home I see a few more houses going up. Next week, the Mississippi Department of Transportation will open two lanes of a new 2-mile bridge across San Luis Bay reconnecting the cities of Bay St. Louis and Pass Christian.

Unfortunately, there is one gaping hole in the recovery of the south Mississippi. During the time that the Mississippi Department of Transportation and its contract to Granite Archer built a 2-mile long high rise bridge across this bay, not one significant city, county or school building has been rebuilt. A few public facilities have been reopened, but none of the major public buildings that were destroyed along the Mississippi gulf coast have been replaced. If you ask the mayors, the county supervisors, the school superintendents about the status of their projects, they will all give you the same answer, we are still in the negotiations with FEMA.

At this rate, the schools and local governmental buildings will be the last things built in Mississippi. When I see a new construction project anywhere on the Mississippi gulf coast, it is a safe bet it is not a public assistance project involving FEMA. We are finishing our second school year with many of these young people going to school in temporary classrooms. The Hancock County emergency 9/11 system is still operating out of a trailer. There are hundreds of project worksheets in Mississippi that are indefinitely delayed by never ending process of objections, revisions and disputes.

FEMA is supposed to pay 90 percent of the cost to rebuild these facilities. But FEMA narrows the scope to exclude many costs that are necessary to comply with building codes and standards.

My first and most urgent request is for Congress to mandate a fast track procedure and direct FEMA to get these public infrastructure projects approved, paid for and built. We need to require FEMA to apply common sense reasonableness tests to these projects that has been missing so far.

I will give you a couple of examples from my home town of Bay St. Louis in the Waveland school district. At north Bay elementary school, FEMA says it will not pay any of the cost of relocating the temporary trailer classrooms to clear the site for a new school building.

Also FEMA says the new building cannot be larger than the old building. But the classrooms from the old school were opened to outdoor walkways. That design does not meet today's safety requirements. The new building must have an interior hallway but that would add to the square footage of the building and FEMA won't approve it. At Waveland Elementary, FEMA has ruled that the center section is more than 50 percent damaged, but that the wings to the building are less than 50 percent damaged. This means that the school district is required to rebuild the middle section 3 or 4 feet off the ground, but the wings that it touches will be left on the ground.

There are two kinds of projects that are desperately need intervention to apply a common sense standards so that buildings can be rebuilt to current codes and standards. The current system has a strong bias towards rebuilding the same facility that was destroyed. In some cases, alternative projects would be reasonable or even desirable, but are discouraged because they will receive less money. Under current law, a local government loses 25 percent of its FEMA funds if it decides to bill a new structure rather than replacing a damaged one.

Second Street Elementary in Bay St. Louis, built during the depression with WPA funds, is an old historic building that suffers storm damage. FEMA says it will cover new flooring, but not new electrical wiring. If the school district repairs the school to modern codes and standards, they will have to have 5 to \$7 million in cost that FEMA says it will not cover. The school district would rather consolidate the elementary school buildings by building additional classrooms at North Bay, but they would lose 25 percent of the FEMA funds for Second Street if they did so. FEMA should be encouraging cities and counties that lost buildings to consolidate projects. This is especially true in areas where FEMA is regarding the new construction to be built at higher elevations and stronger building codes.

I recommend a change in the Stafford Act, so that there is no reduction in funding for alternative projects. FEMA should consider alternative projects on their merits rather than looking for loopholes to reject them. We have a chance to rebuild public facilities according to stronger building codes and disaster mitigation standards if FEMA would allow us to take advantage of this opportunity.

My third request is for language to direct FEMA to apply a reasonableness standard to the dozens of disputed projects for reimbursement on debris removal. The main problem in many of these cases is that the local governments school districts and public utilities took decisive action in the immediate aftermath of the storm

when FEMA was still nowhere to be found. After this fact, FEMA challenged their contracts for not complying with notice and bid rules.

Madam Chairwoman, I realize I am over my time, so my question to you is would you prefer I submit the remainder of my statement for the record or—I probably got another 2 minutes, so it is your call.

Ms. NORTON. Go right ahead.

Mr. TAYLOR. Thank you.

The Stafford Act allows emergency contracting procedures for 72 hours but then requires local governments to follow its bid requirements. The 72 hour requirement should have been waived a long time ago. In Hancock County, we had no communication, no electricity, no gasoline and certainly no leadership from FEMA for several weeks after the storm.

All the public utilities did a phenomenal job and saved FEMA millions of dollars by making it possible for people to return to their homes. Elected cooperatives hired contractors to remove trees and other debris from their right of ways so the power crews could come behind and restore service.

FEMA has denied reimbursement for some of these contracts. FEMA wants all the debris to be removal to be paid for by the cubic yard but the utilities paid their contractors by time and equipment. FEMA rules would have made the job more expensive and would have taken longer to restore utilities. I suggest language stating that FEMA can not disallow a contract by public utility during the emergency period simply for failing to comply with FEMA bid requirements.

For public utilities the emergency period should be fine to extend until utility service has been restored to the service area. FEMA should then be reimbursed at a reasonable charges on time and equipment basis.

School districts had a similar debris removal dispute. FEMA still has not fully reimbursed districts for debris removal because it did not follow FEMA rules.

For example, FEMA said it would cut down the dead trees and limbs on school campuses but would not pay for grinding the stumps or cutting down the trees smaller than 2 inches in diameter. FEMA second guessing the local contracts is specifically outrageous because on their own contract, FEMA handed out billions of dollars in no-bid cost-plus contracts to Bechtel, Shaw, Fluor, CH2M Hill with almost no oversight. FEMA ignored the huge waste and fraud on its own contracts but then sent people out measuring stumps and limbs to deny reimbursements to local school districts.

I have heard dozens of complaints from local officials about the cost of turnover among FEMA representatives. And Madam Chairman, I am a witness to this. In the immediate aftermath of the storm, FEMA filled its ranks by taking people from other government agencies, putting a FEMA jacket on them and sending them out to make decisions that involved millions of dollars. The FEMA representative on scene would go forth and tell a local county supervisor or a mayor or a school superintendent, go ahead and do that, we will reimburse it. When the bill came to be paid, that

FEMA representative was long gone. The one that took their place then questions whether or not he was allowed in the first place.

And so what we would ask for is more professionalism in the FEMA ranks. Don't send people down to a disaster area for a day or 2 or week or 2, or even a month or 2. If the recovery is going to take 10 to 20 months then we have to have a commitment from the FEMA employees to stay there for the duration so that a commitment made on the part of our Nation one day is upheld by our Nation when the bill comes due months later.

Madam Chairman, you have been very, very generous. As you can see I still have a couple more pages. I want to submit that for the record. And I think we have made the points we need to make, and above all, I want to thank you for hearing us out. There is a lot to be done on the gulf coast we need our Nation's help to get this done. I just want to see to it that it is done in a cost-effective manner for every American and that the folks in Louisiana and Mississippi and the entire gulf coast are treated fairly.

Thank you for having this hearing.

Ms. NORTON. I want to thank you Mr. Taylor. Your testimony contained just the sort of concrete examples we are looking for. We don't want to sit here and kind of dream up examples from what we read in the newspaper. That is why we are hearing directly from Members of Congress who are the first person people turn to. They don't turn to the committee. They turn to you. So this is just the kind of testimony we are after.

And I am pleased to welcome my good friend, Mr. Pickering, who I worked with in the past and I am pleased to hear his testimony as well.

STATEMENT OF THE HON. CHARLES PICKERING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI

Mr. PICKERING. Madam Chair and Mr. Graves, as the ranking member, I appreciate the committee's hearing those from Mississippi and Louisiana as we try to find the ways to finish our recovery and to speed the recovery and get the help to our communities back home.

I want to commend Congressman Taylor for his recommendations and his proposals and I want to join with him in complete agreement on his proposals, his identification of the problems that are remaining and to join with him as he has led the way on the Mississippi gulf coast and has been a great example of someone who serves, leads and stands with his people during a time of disaster.

I want to join him in talking about many of the same issues, and I will get to that. But first, let me just say as we look at FEMA not only as we finish the recovery, but as we look at the future reforms, you look toward the Coast Guard and you see a mission-oriented culture, one that emphasizes speed to rescue because they know that a life is at stake and you may have that golden hour in which you can make a difference.

And we need to look at how we have FEMA structured and all of the bureaucracies that go with it and the inability to act in a quick, rapid way.

Just as individuals can die or lose quality of life over a long period of time, if we do not quickly assist communities, communities too can die or have irreparable damage. And we do a disservice here in Congress not to reform and not to find the common sense solutions that will help not only Coast Guard quickly rescue, but have FEMA quickly recover and rebuild working with our State and local officials and the non profits and the voluntary organizations.

In joining with Congressman Taylor, one of the things we repeatedly hear from our local officials is that we have too high a staff turnover in FEMA, no empowerment at the field level, no decision maker, no joint decision maker. You have multiple organizations. For example the IG can overrule the FEMA or the MEMA officials who have reached an agreement on a lot of the reimbursements on the schools and on the debris and on the other public facilities.

And so, if we could unify command, unify leadership so you have one place to get the one answer that will give certainty and speed and stop the paralysis or the burden that is happening in many of our communities. If we could bring an FCO-like individual who is empowered to make the decisions to support the local communities' good faith reliance on the directions given to the local officials in the beginning or the mid-point of the recovery.

Only one-third of the transitional recovery office in Mississippi is permanently staffed. We need more staff to finish the job. Our theory is, as we go to the next hurricane season, if there is another hurricane with much of the outstanding work still pending in Mississippi, that we will lose the resources and what is a burden today could halt the recovery and do even more damage. We need quick assistance to finish the storm recovery. And that means more staff and a clear commander to finish the job, an FCO.

The next issue is one that Congressman Taylor mentioned as well. We have 231 project worksheets that have been completed. Out of those, 132 have been pending for over 90 days. They have been completed. They have met all the standards. But they have not been reimbursed. And we need to find either the staff or the will to resolve those pending work projects that accounts to \$41 million that is primarily on small communities, small counties, and in small companies that did the work after the storm.

If we can give FEMA a date certain to close out this process, give them the staff and the leadership to be able to implement that date certain requirement, then I believe that will go a long way and give greater confidence and certainty.

The reasonableness issue that Congressman Taylor mentioned, many of you are communities about half the debris was done by local communities and half done by the Corps of Engineers through FEMA and with a National contract.

Many of our communities are being rejected reimbursement even though the cost of the debris removal was the same or lower than the cost of the Federal contract.

And it seems to me if it is reasonable for the Federal side to get the reimbursement, it should not be—a local community should not be penalized or denied the reimbursement.

Another example down on the coast when it comes to the 50 percent rule, there was a school in Diberville, where the cafeteria was

ruled that it was not damaged over 50 percent therefore it could not be replaced. But all the other classrooms were.

They wanted to move 7 miles inland to be able to have higher ground to be able to have an alternative project and to have a safer place for the school to be rebuilt. They could do the classrooms, but they couldn't do the cafeteria. And now you tell me how does a school not have a cafeteria or transport students back and forth from a cafeteria to the classroom? That type of common sense ability to say this is a way that we can do it that is safer, stronger and better for the school and it should be reimbursed.

And just finishing, Madam Chair, if we could empower a decision maker in Mississippi to finish the recovery, if we can get the staff necessary to do it, if we can have a time table, a time certain and a quick adjudication or arbitration process so that the reimbursements that are owed are done as quickly as possible. And then as we look forward to the next storms, we need to look for ways to emphasize the local response, similar to the Florida model of having contracts in place at the local level prestorm. We need to look at imposing prompt payment standards on FEMA and its reimbursements like we do in many areas of the Federal Government so that 2 and 3 years after a storm, we still don't have outstanding issues of payments and reimbursement.

I believe the CBDG and the grants approach that has been used in the New Orleans and in Mississippi is an example of what can be done used at the front end of the storm not only at the back end, so you can have an insurance type model, so that if the assessment of the public facilities of an area equal a certain amount that a grant can be given to them without all the micromanagement, all of the bureaucracy and all the paralysis that comes from having to get every bathroom, every light bulb, every doorway, every square footage signed off by a Federal agency so that we can streamline the process and so that the rapid recovery can also be part of our strategy instead of the long delays that we are seeing in recovery. We need the rescue and recovery to have the same mission and that is a fast, speedy, efficient and accountable recovery.

There are some other issues and I will be glad to submit those to the record. I know that I have gone over my time, but I do want to thank the committee and join with Congressman Taylor and the other gulf coast members as we find ways to help finish this recovery and then reform for the next storm. Thank you.

Ms. NORTON. Thank you, Mr. Pickering. Your district also was impacted we know by Representative Taylor's, he has gone to great pains to remind us.

Mr. PICKERING. His district was hit much harder, but the storm went all the way up, 150 miles into Mississippi. We were we were able to recover fairly quickly and we still have some issues in the counties I represent of still not being reimbursed. So it is across the board that we have some of the same problems.

Ms. NORTON. Let me ask you both, basically, what runs through your testimony is the, what would appear to be rigidities in the way FEMA deals with some of the issues which, anyone can see, from hearing you, and a common sense practical basis are issues that need to be dealt with forthwith. You may recall that after the disaster, we hauled in officials from the gulf coast trying to make

sure that the money that was about to go out here in record numbers was not wasted.

And if the truth be told, not so much I must say on the gulf coast but generally one of the major issues that has affected Congress in the last several years has been contract issues where the difficulty the Federal Government has in monitoring contracts, billions of dollars wasted from Iraq to contracts in this country for various purposes and lots of oversight now going on.

Be assured that we are sitting in order to provide what we regard as one time, one place relief so we understand we are dealing with a special circumstance. But against the backdrop, I have just mentioned any ideas you have on the necessary flexibility in contracts in particular and reconciling that with the Federal system to obligate funds in a manner that can be audited and accounted for so that the agency doesn't have this coming back at them? Have you thought—and I recognize you are not auditing experts. But at the same time, we go about these flexibilities that is going to be a major issue.

How can you streamline it while making sure that if somebody goes in and audits it they don't just find here there and everywhere waste that then comes back and haunts the agency? Yes, sir.

Mr. TAYLOR. Madam Chairman, if I may, what I was really struck by was in the immediate aftermath of the storm, people just made decisions. My two mayors closest to my personal home sent policemen to the Wal-Mart, to the grocery store, to two grocery stores, posted them at the door and said, look, FEMA is not here. People have to eat. They can go in and they can take food they can take a change of clothes. If they take anything other than that they are going to be arrested. I was there when the head of the Mississippi emergency management told a guy who had just delivered a load of ice that he was commandeering his truck because we had to have a temporary morgue. Good decisions were made on the spot by people who knew this is what we have to do.

And then you contrast that with some of the examples I have given you 20 months after the fact, because I think you really are dealing with, to a very large extent, a lack of professionalism within FEMA, people who don't know the rules, people who are afraid of the rules and then people who rely on the rules for a reason to say no which as we all know is the easiest thing to do.

What I would recommend is some sort of a cafeteria of options. You know some of these communities are—I made mention of the Old Bay St. Louis schools built there since 1920s. I would hope that that city would be given the option of saying there is a historic structure, it is getting close to 100 years old. Sure, if you want to bring it up to OSHA, of you want to bring it up to ADA standards, if you feel that that is an integral part of your community and you have lost so much in your community and you want this as one of those things that you want to be a cornerstone yes we will give you the option of restoring it.

If, on the other hand, if the local community says you know what, we just as soon have as Chip mentioned a new school further inland that won't flood next time, they ought to have that option as well.

But I think what we are going to have to do legislatively is spell that out for those many options exist. And above all, I can't emphasize enough, we had people come down to help us who may have been great foresters, who may have known a world about aqua culture, who may have known a lot about boll weevils. All good in their own profession. But what we saw was for lack of a professional staff at FEMA, these people were literally grabbed, sent down to south Mississippi. Somebody slapped a FEMA jacket on them and said now you are an expert. They didn't know the job. It wasn't fair to them. It wasn't fair to the local communities.

The other thing I would ask to come out of this is if we have to spell it out in the code, some sort of professional qualifications for people who are going to respond to these types of disasters and make multi-million dollar decisions. And I think both of those are important. A cafeteria plan, you and I have a cafeteria plan on our options on our health care. The cities ought to have a cafeteria plan of options of how to respond to these storms and what they want to do with their buildings.

Ms. NORTON. Some of what you describe would mean that if FEMA did it the way they "usually do," they would be spending more money and perhaps even wasting money. You don't want to build—look, this is even, on the best of circumstances, this is a flood prone area. So obviously, we don't want to build in a way—but let me suggest just hearing your testimony, there is a dichotomy between two kinds of expenditures. One which is truly unconscionable, if you consider the people who went out and did what they had to do to help people survive, that is reimbursements that are still outstanding.

It seems to me that on those, the committee could look at a fast way to get those reimbursements done. They were done, one could carve out a period of time, a kind of reimbursement after the Act and that is one category.

There are ongoing matters which fit the gulf coast and probably wouldn't fit other places where one could show—it seems to me—I am relying on your testimony now—that to do it the way they are going to do it is either wasteful to the jurisdiction or causes loss to FEMA funds, or is wasteful to the Federal Government.

I am looking at your testimony about when to consolidate additional classrooms. Now, it does even say that they want more classrooms but they want to consolidate them. And I am looking on Page—they are not numbered. The school district would rather consolidate the elementary schools by building additional classrooms at north Bay elementary school. But they would lose 25 percent of FEMA funds for the second street if they do so.

Mr. TAYLOR. Yes, ma'am.

Ms. NORTON. You are not saying it would cost more are you?

Mr. TAYLOR. It would cost more then, and again, I am asking you to keep in mind I used to be a city councilman in that town. The cities of Mississippi live on sales tax. That is their primary source of revenue. The cities that were the most dramatically impacted by the storm lost all their stores. They have no source of revenue. The city of Pass Christian to this day really does not have a major store in the town. So Pass Christian is a perfect example.

Bay St. Louis is a very good example of a city that has lost a great deal of tax revenue coming in, has lost most of their buildings and now is in a position of having to replace them. So when a Federal Government tells a city like Bay San Louis or Pass Christian, you are going to have to pay 25 percent more to do it right, where is the more going to come from.

Ms. NORTON. Some of this is case-by-case, but again, in case-by-case, it does seem to me you could figure out whether or not you are wasting money by doing it the old way.

Mr. TAYLOR. Mrs. Norton, can I just throw one more thing at you because this is related to your jurisdiction. We are 20 months after the storm. And FEMA has not updated the flood maps. You mentioned flooding. You mentioned do we really want to build a school in a place where it is going to flood? Twenty months after the storm, those maps have not been submitted to the cities. The cities are operating under interim rules that said, go back and tell everybody you have to build 4 feet higher than you used to be. I know it is a shared jurisdiction, but it has to start with FEMA. If FEMA is going to come up with rules saying you have to be at a certain elevation, they have to come up with flood maps.

Lastly, and I tried to shorten my testimony, they have to use some common sense. Obviously you want a school in a place that is not going to flood. You want it high enough that it is not going to flood. But telling a bus stop that you won't repair that facility for a bus stop unless it is 25 feet above sea level when the ground level is 3 feet above sea level is insane. A beach rest room telling them it has to be 25 feet above sea level when the beach is at sea level is insane. There are a lot of ways to work around this—

Ms. NORTON. The bias toward building the same facility cannot obtain in such a catastrophic way. They of course have the issue. We see what the issue is. People can game the system to say now that we have got FEMA here why don't we build a state of the art system. On the other hand where there is a catastrophic event, you really don't have the option of building the same facility where it will, in fact, in a flood prone area encounter the same problems. This notion about building on sticks and you have to do so for the bus stop that is really late night comedy stuff.

Mr. TAYLOR. But Madam Chairman, that is a real life example—

Ms. NORTON. Let me just say this. FEMA does have the flexibility to do some of this. But you can see they are afraid to do it and that is what the committee's job is. I don't have a lot of—your examples really say the—really tell the stories. One thing that really bothers me a great deal, it would bother me beyond the gulf coast, I think the committee needs to look more seriously at this period that you say on page 2 of your testimony, Mr. Taylor, that FEMA is supposed to pay 90 percent of the cost of rebuilding these facilities narrows the scope to exclude many costs that are necessary to comply with building codes and standards.

I asked staff what does she know about this, and I said that sounds nonsensical, we are going to build not to code, and they may have the notion that you have to build it to the old code that was in existence when it was built rather than the code that the agency has been at pains to upgrade the matter to, but how could

the Federal Government possibly justify not building to code, whatever is the code in existence now?

Those are examples of things we are going to have to look at.

Certainly in your area—and I would say I would really want to look at the notion of recognizing that costs may be involved and we will have to look more closely if we talk about noncatastrophic areas. But I would hate the Federal Government to be caught not building to code when States have required, seems to me quite justifiably, that facilities come up to code needs a lot of scrutiny.

Mr. TAYLOR. Madam Chair, just the last point, the Americans with Disability Act was passed after most of these schools were built. So that is one code change that is obviously expensive, obviously done for the right reasons, but something that should be addressed and hopefully, since our Nation has mandated it now and I voted for it—

Mr. ORTIZ. There is no way in which the Federal Government, which administers the ADA, is going to say build but not in compliance with the ADA. We have to make that plain. We have to make that plain. Mr. Graves.

Mr. GRAVES. Thank you, Madam Chairman. In our FEMA reform bill that we passed last year, I know you guys were pretty active in creating a long-term recovery office and you are supposed to hire 2- and 3-year employees so that they would be around because, Gene, you have obviously spoken to the problems we are having, and Chip, you did, too, to the guys coming in and making decisions and then being gone. We were supposed to have these 2- and 3-year employees. And we are also supposed to push the decision making authority down to the Gulf Coast Recovery Authority that was there.

Now, my question is are these things not happening? And is DHS—because I know there was pushback from the Department of Homeland Security on what we were trying to do. Are they still making all those decisions at the top? Are they not pushing it down? Either one of you.

Mr. PICKERING. For example, the transitional recovery office, we are now in our third acting director and that is not a permanent director. It is the third acting director. And again, a lot of that office we only have one-third staffing. And so a lot of what we try to implement in the FEMA reform is not being carried out. And I think that is why 20 months out of the storm they don't have the staff to be able to make the final decisions to make, to close out a lot of the work orders that have been done and completed and a lot of the issues. You have a split between the IG and the office, and they make conflicting decisions, and then it paralyzes any resolution so you have no quick resolution mechanism.

And so I think that if we can give deadlines, one of the things that Gene mentioned not to have the FEMA flood maps. We need a deadline for that. We need deadlines for these reimbursements or a dispute mechanism that will allow us to quickly get there.

And we need to direct FEMA to fully staff and to get someone in charge so that there is a clear command and control.

Mr. GRAVES. Three acting directors.

Mr. PICKERING. And that is in 20 months.

Mr. TAYLOR. And again, not a single public building has been replaced in coastal Mississippi. Look they are good sports. They are working out temporary trailers. They are doing their jobs, but at some point, these trailers themselves become a hazard. In fact, they become a hazard the next hurricane season because they become shrapnel when the wind grabs them. They are just not made to be down there when the wind blows over 100 miles per hour.

Mr. PICKERING. Let me just add that everything that slows the recovery increases the cost of recovery, labor material and land goes up. Time is money. And what they—for example, all these small companies and counties and communities if you have \$41 million outstanding, and you are having to bear all the interest and all the delays and all the losses and you don't have sales tax, all the burden is on the local community. We really need to shift that, have a prompt payment requirement, so that if the Federal Government doesn't reimburse in a timely way then the Federal Government has to pay penalties and interest just like an individual taxpayer does if they don't pay their tax bill on time.

So we need fairness. We need quick response. And we need some resources just to make sure that FEMA has the people to do the job.

Mr. GRAVES. The Federal Government obviously ought to start acting a little bit more like everybody else has to and just as you say, do their job, but the longer this stuff waits, the more it costs. You are exactly right, and it continues to add to it.

Mr. PICKERING. Mr. Graves, let me just add, Madam Chair had asked about contracts. Let me just give you an example as we look forward. We had about 40 million cubic yards of debris just in Mississippi. Now half of that was done through a Federal contract, and the rest was done by local communities, and counties roughly equal each about 20 million. And what we have seen from the data that we have is that the local communities cleaned up the debris at about half the cost that the Federal Government did. The Federal cubic yard average was \$31 a cubic yard and the average for local community was around \$15 a cubic yard. Now that is a huge difference in resources to the taxpayer but also the local communities usually did it faster. The local communities are the ones who are getting stuck without their bills being paid and the local companies are having to carry all that cost.

So they did a—now, I do think and agree with Congressman Taylor that there is going to be some places that have to have the Federal contract and the Federal assistance, but we need to shift in the future to emphasize having local contracts in place because it is best for the taxpayer and best for the local communities.

And I think it speeds recovery. And then if we can fix the reimbursement to local communities, and in a timely way, then I think you have an ability to take an organization, FEMA, that is slowing recovery and make it actually accelerate the recovery.

Ms. NORTON. Thank you very much. Those of you who can vote have a vote coming up in a moment. And we want to finish with this panel. And I have only one question. I was a little perplexed by the first page of your testimony.

Mr. Taylor, in which you appear to complain about the building of a bridge across the Bay without building any public—any signifi-

cant public buildings. I understand about the public buildings. Are you saying the bridge was not vital or necessary.

Mr. TAYLOR. Oh, no, ma'am, we are very grateful for that bridge, believe me, these are two communities that used to be joined at the hip. The points I am making is if they build a bridge from scratch in 20 months, they ought to be able to build a city hall or a school.

Ms. NORTON. I see, yes, indeed it would. Finally, just let me say to you before you go to vote what we are discussing here are really the day-to-day matters that determine for people whether they want to continue to live in this major part of the country, and to say to their relatives who haven't decided whether to come home, whether or not to come home or not, we—these may seem small matters to people outside of your jurisdictions. But these are the things closest to the people. And these are the things that make the decision for them.

I want to put you on notice that we are later going to have a hearing or a set of hearings that I call repopulation and continuing population growth in the gulf coast. And these hearings are going to focus on three issues which we also think everything is said and done, is going to decide the issues of population growth.

These are insurance, you can talk about housing until you are blue in the face but if we don't find a way for people to get insurance, people understand they are not supposed to come back. Talking about levees, how much assurance do people need that they are not going to be subject to another flood tomorrow. And the third thing is public safety. These things are overarching issues, just as we think these are the issues that decide people right now.

The difference is that these issues are the issues that people are using to make their decision right now whether to come home, whether to stay or whether to do what Americans have done since the beginning of our country, move on. This the great frontier. Mississippi was one of the places that you went to. You left the east coast. You left the midwest. Hey, guess what, we are at the end of the frontier. And we want to make sure that the gulf coast, both of these places, were prime sources of revenue for their States. They lost their tax base. That means your States are out of luck. We want to make sure that repopulation where oil is, this is where many of our resources are. We want to make sure that these States are repopulated. We want to do it now, to make sure that FEMA hops over all of this rigidity and makes a decision it must make now.

And we want to do it in the long run to make sure people understand that the overarching issues can be dealt with and are being dealt with, and I hope I haven't made you miss a vote, but cast one for me, too, if you would.

Mr. TAYLOR. Madam Chairwoman, you may live 1,100 miles from south Mississippi, but you could not have summed up better what needs to be done than you just did, so thank you very much.

Mr. PICKERING. Thank you.

Ms. NORTON. We will reconvene, it is my understanding there will be 5 votes, 45 minutes, and I guess it is the New Orleans Louisiana delegation we will hear from you which is our last set of members.

Ms. NORTON. In light of the hour, we are going to resume testimony with the members of the Louisiana delegation who are here. Others, as they come, of course, can join them. So I am pleased to welcome Mr. Baker, who I think is a member of the committee. And Mr. Boustany, to begin their testimony.

Mr. BAKER. I am sorry, Mr. Boustany, is also a member of the committee.

Ms. NORTON. Mr. Baker.

STATEMENT OF THE HON. RICHARD BAKER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. BAKER. Thank you, Madam Chair. I appreciate your courtesy in conducting the hearing and in moving ahead in such a timely manner. I wish to preface my remarks which are a very succinct summary of the written statement by expressing the view that the rules and mechanisms in place from FEMA to homeland security to everyone never contemplated resolution of an event so catastrophic in scope, and I believe in most instances, the rules are constructed for matters of inconvenience lasting a few days when power outages are minimal, when there has been relatively modest dislocation of individuals and where most of the social order of the community affected remains intact, meaning law and order, schools, grocery stores, and facilities generally needed to accommodate the needs of those living there.

In this instance, in response to the Katrina-Rita matter, these storms were so overwhelming they overwhelmed the law rule and common sense. For example, it may not be uncustomary for the expenses of FEMA in a mobilization effort of short duration, to have a very high administrative costs. In the first quarter of the storm's resolution, 26 percent of all the moneys that the public assumed were going to help individuals went first to pay FEMA operations, and that is administrative costs, that is not FEMA grants or assistance given to individuals. I thought that rather high, but I examined it after the last 12 months of operation, and the number still remains about 22 percent.

In the case of Louisiana, that was a recipient of slightly more than \$32 billion, far less than some would have imagined, about \$7.5 billion of that leaving us with a net of 25 actually went to FEMA first. That is a matter which I believe, at least for the sake of accuracy and reporting, should have a separate funding category away from that which is categorized as assistance to communities.

So taxpayers have some better understanding about where their dollars are actually being allocated. Secondly, is that some significant disparity with the treatment with local officials and local responders in the way their expenses were characterized and reimbursed. One area that has been most sensitive is the area of lost revenues or foregone revenues. In the case of the most natural disasters, there are public facilities which are inconvenienced for a matter of a few days at worst, often the inconveniences over a weekend where there was no planned activity. In the case of Baton Rouge and our river center, which is an enormous facility that housed, at one time, housed over 7,000 people, it was out of utilization for approximately 2 months. This was not by voluntary act of the city, it was by FEMA's decision to take that for its purposes.

Not that that wasn't a legitimate and reasonable thing to do. But the expenses, the revenue lost to that entity because of the forced utilization over a two-month period has a direct bottom line impact on the viability of that governmental entity over the course of a year.

But yet that is not now something in these extreme circumstances which can be considered as a reimbursable item. Also in analyzing the method of expenditure, there was no common standard that taxpayer consequence be a priority in determining what action should be taken. As a, for example, we have in Financial Services changed modestly the requirement that a housing resolution not be exclusively temporary in nature. The reason for that is modular housing put on a slab—this comes from Fannie Mae and Freddie Mac could have been constructed in 90 days or less on available properties for a cost per unit on average of \$60,000. The cost on average per unit to install—to acquire move install and make the trailer habitable was \$72,000.

Secondly, I don't know how the counting was done on how many trailers initially should be acquired. I don't believe there was a survey of any sort from those persons who were in the various centers. If trailers were made available, would you utilize it? It is my understanding that although there are 9,000 trailers still in Hope, Arkansas on a \$5 million gravel pad, although 4,000 units have never been deployed or unwrapped as they call it. It seems that excessive expenditure was not warranted, and in instances since Katrina, those trailers have remained undeployed despite the fact there have been others who have lost their housing inventory.

Two other recommendations—and I shall be brief. One is more the predeployment storm season of various assets. There is one big box store in the country. There are many, but one in particular who has their own meteorological department. They track these storms the way homeowners track. And when the storm is a few hours out, they redirect Pop Tarts and batteries and lanterns to those locations. When the storm path changes or the storm is leaving, they will bring in generators, blankets, tarps those things people need after the storm.

My observation is in speaking to some of the management, they do a much better job of deploying needed resources into the marketplace and their penetration into residential areas is quite significant that if we were to engage in some sort of Federal negotiation prior to each storm season, we are a month away, what would be our response tomorrow if a storm came across North Carolina? Where are the Federal resources? And it is the emergency nature of the spending pattern that spikes the cost rather than a prenegotiated contract for deployment of, say, an overnight basket for an individual with a blanket, a flashlight, a bottle of water and a few Pop Tarts. Those could be readily displayed by the box store itself or handled by the National Guard or those volunteers.

Another point, when individuals came with manufactured material in the manufactured seal to the river center to give the material to the Red Cross volunteers and others managing the center. That was not accepted. We have a very large bottling facility in my city capable of manufacturing considerable amounts of bottled water. Unless you had a previously agreed-upon purchase agree-

ment relationship with the Red Cross, those contributions were not made available at great loss to those individuals who were of necessity in the river center. One last idea, in this day and age of Internet access and sophisticated technological deployment, we should have in place some catastrophic risk analysis system that is in real-time. By that, I mean you could turn on your TV and go to a channel, maybe run by the weather station, go to your computer on the Internet, and there should be an ability of FEMA, the National Weather Association, other critical entities, including State police to give you highway conditions, the hotel-motel association where you could look on the map before the storm's landfall, and by color coding, see whether or not you are at risk, see whether the traffic is flowing on particular evacuation routes, even display the availability of hotel rooms so people get a sense that this thing is coming and if I don't get out now, the roads are going to be impassible or I am not going to be able to find temporary housing for my family. It is not that easy to construct, but it would be vitally important. This would be real-time data so that any input from any Agency would go into an algorithm and present the map based on the real-time risk assessments.

I think something of that sort would greatly facilitate earlier departure by residents at risk and enable those of us who are wanting to be of assistance to be better informed about the hazards that we face. With that, Madam Chair, I yield back.

Ms. NORTON. Thank you, Mr. Baker. I am reminded of the Weather Channel which almost is there. If you look at the Weather Channel, very scientific movement of the storm.

Mr. BAKER. It wouldn't take much to upgrade that to where it would be a real systemic matter on housing transportation and others.

Ms. NORTON. Absolutely. Mr. Boustany.

STATEMENT OF THE HON. CHARLES BOUSTANY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. BOUSTANY. Thank you, Madam Chair. Thank you for providing me the opportunity, and I would ask unanimous consent to stick my entire written record—written statement in the record. Let me start by saying from the beginning, this subcommittee has been a very strong advocate as we have worked together to recover in the gulf coast. And I am pleased that the tradition continues today with this hearing. I do want to remind my colleagues that there were two storms of similar magnitude that hit the gulf coast in 2005; Hurricane Rita, the second storm, brought high winds in excess of 120 miles per hour and a storm surge equivalent to that of a category 5 storm. The total damage is estimated at approximately \$10 billion, making Rita—which we call the forgotten storm in my district—the third costliest natural disaster in U.S. history.

Eighteen months after the storm, many impacted local governments organizations and individuals have simply chosen to move on rather than wait for aid. In addition, much of the disaster assistance, literally billions of dollars worth is now being held up by bureaucratic red tape at the State level, which Congress has little control over. The subcommittee can make a big difference by exam-

ining some of the lessons we have learned and consider possible changes to the Stafford Act that might help prevent these problems from recurring. Inconsistent FEMA policies and procedures and constant staff turnover have plagued recovery efforts. For Vermilion Parish for instance, in Vermilion Parish officials spent months working under the assumption that two school buildings damaged by the storm were eligible to be rebuilt. After parish officials bought land to accommodate one of the schools, it was then subsequently determined that a low-level FEMA field representative had made a mistake and, in fact, a very costly mistake and the schools, in fact, would not be rebuilt.

The information being provided by FEMA should be accurate and consistent. More needs to be done to implement the reforms Congress passed last year to prevent staff turnover, and to ensure stability in the regional offices. I can tell you as a heart surgeon, I would never start a heart operation with an inexperienced team and then have turnover in the midst of the operation. That is just not good practice. And I think the same applies to FEMA during emergency circumstances. We also need to do a better job of getting Federal disaster aid into the hands of victims quickly and efficiently while still providing safeguards against fraud and abuse. Much of the aid Congress approved last year is still sitting in Baton Rouge, our State capital, waiting to be spent.

According to FEMA, only \$27 million of the \$99 million currently available in public assistance funds for Cameron Parish have been released. The current payment system should be streamlined so that applicants are not required to go through multiple layers of government bureaucracy to receive payments. FEMA should also be able to reimburse other Federal agencies for work they perform after the disaster. Over 250,000 dump truckloads of posthurricane debris including tanks as large as 18 wheelers were scattered throughout the Sabine National Wildlife Refuge. The refuge did not have the funds for cleanup and was ineligible for reimbursement under the Stafford Act.

Eight months later, Congress ultimately provided funding for the cleanup, but we shouldn't have to wait for congressional earmark to move forward while thousands of gallons of hazardous material threaten our wetlands and critical habitats. There ought to be an interim agency in place. Louisiana's local State and law enforcement also had to wait nearly 6 months to receive vital funding to aid in their justice system recovery.

As a result, we learned that State and local agencies can better serve the public and respond to law enforcement needs in a disaster area quickly if funds are provided directly through the Justice Department's Bureau of Justice Assistance, which is the traditional conduit for Federal law enforcement funding. I would like to work with the subcommittee to provide FEMA with the authority to release emergency funds directly to the Department of Justice Bureau of Justice Assistance to aid law enforcement recovery efforts. I think this is very important.

Debris removal on private lands is another issue that is not so cut and dry. Taxpayers certainly should not have to foot the bill for cleanup on private lands. But in one instance, a public building was washed away and set on private land within a subdivision. The

homeowners were required to pay for the cost of removing public debris. The Stafford Act does not currently allow for reimbursement for removal of public debris on private lands. And this is something that should be addressed. FEMA should also be required to reimburse expenses incurred for reinternment. This is an issue we saw in Cameron Parish, and I believe it also happened in Orleans Parish as well.

In Cameron Parish nearly 350 bodies crypts and caskets had to be reinterned after the storm. Local mortuaries undertook the task at their own expense and still have not been reimbursed. We should respect the deceased and ensure that the remains are interned quickly and with the dignity that they deserve. We shouldn't have to spend months and months trying to figure out whose responsibility it is to bear this cost.

There is no doubt that Hurricane Rita has forever changed the coast, but no force of nature is strong enough to destroy the spirit that is helping the people of southwest Louisiana recover and rebuild. Much more work remains to be done, but we can learn from this tragedy and prepare ourselves for future disasters of the magnitude of Katrina and Rita. The subcommittee should use this unique opportunity to make the changes that need to be made now so that future recovery efforts aren't hindered. Thank you, Madam Chair, and I will be happy to answer any questions, Madam Chairman.

Ms. NORTON. Thank you very much, Mr. Boustany. I will go on to Mr. Jefferson. He was actually the first in the room here when we opened the hearing.

STATEMENT OF THE HON. WILLIAM JEFFERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. JEFFERSON. Thank you, Madam Chair. I have had the benefit of hearing everyone's testimony, except Mr. Jindal's now, since I have been here since 2:00. It is a wonderful opportunity to be here with you, and I thank you very much for this chance to appear before your subcommittee. In New Orleans now, there are some 220,000 people who are not back home. Half our schools aren't open, half our hospitals aren't open, day care centers aren't open. The place really isn't really open for business fully. Our city has about 6 percent of its tax base back in place.

As we consider how to best deal with the challenges that face us in rebuilding the gulf coast, we have the opportunity to prevent some things that went wrong from happening in the future. The Stafford Act was designed to provide a comprehensive framework for the government's response to a major disaster. As we have learned many aspects of it, however, however well meaning they are worked against this objective.

I would like to highlight some of the more pressing needs that our community faced and in dealing with the limitations of the Stafford Act, and some ways that I suggest we may remove some of them. Providing transitional housing for our residents who wish to return is the most pressing issue we face. Without adequate transitional housing stock, our residents have no choice but to stay

away from the city they call home and cannot begin to rebuild until they have resolved temporary housing needs.

A good option for housing displaced residents would be to expand the rental reimbursement program and to provide more flexibility to meet the needs of specific disasters. In New Orleans, we have had numerous owners of damaged apartment buildings, for example, offer to use their own funds to rehabilitate their property in exchange for guarantees from FEMA that it would pay for the rates for its returnees.

In this scenario, the local property owner would benefit from having a guaranteed revenue source and the tenants would be back at home to work school jobs and permanent housing solutions would also be in safe structures. Unfortunately, FEMA did not have the authority to set up such mutually beneficial arrangements and a great opportunity was lost. The Stafford Act relies too heavily on providing mobile or prefabricated housing units for displaced residents.

Housing citizens in trailers acceptable on a short-term basis, maybe a month or so. However, a disaster of Katrina's magnitude long-term housing in trailers is blatantly unacceptable. We now are nearing the 2-year anniversary of the storm and we still have thousands of residents in trailers. As another hurricane season approaches, these individuals are in great danger should another catastrophic storm hit the gulf coast. Forgetting just after the storm and continue well into subsequent weeks, nations across the globe volunteered to send financial assistance, manpower support and goods in kind to help alleviate the situation.

Unfortunately, our own incompetence left these generous offers on the table and the needs of thousands of hurricane victims went unfulfilled, an allegedly overtaxed FEMA simply didn't accept many these offers or slowed them down with bureaucratic inertia. From three of our staunchest allies even, Canada Israel and Great Britain, we declined 54 of 77 aid offers. Offers of communications equipment and aid supplies, two of our most pressing needs, were never accepted. Even when we did physically receive items from abroad there was no system in place to adequately distribute them. A shipment of medicine and supplies from Italy were left to perish in the elements and were rendered unusable, almost 6 million meals spoiled due to inadequate storage capabilities. Considering the tragic suffering of our citizens who were stranded in various places in our city with virtually no sustenance this massive oversight is especially cruel. The Greek government offered to send two large cruise ships to the gulf to serve as badly needed hospital facilities and housing for residents and emergency personnel. The offer was rejected by the Department of Homeland Security, but shortly thereafter, contracted with the carnival cruise lines for two of their ships at a cost of \$249 million. We must increase our storage network's capabilities and establish a streamlined process by which donations in kind can be accepted and distributed.

The United States Government should never again be in a position to turn down the generosity of other nations due to our own logistical problems. The safeguards and the Stafford Act designed to ensure that local businesses receive contracts have proven ineffective. Lucrative contracts were given to a small group of national

firms who then had no incentive to give subcontracts to local companies and low performance standards. Worse, local contractors who were given low-tier contracts calling upon them to do the actual work, but for sometimes 1/7 of the profits received by the large firms. We have seen the number of businesses in the New Orleans area left out in the cold, watching as trucks with out-of-state license plates perform work they rightfully should have been doing. Local preference guidelines must be codified to ensure that a specific number of contracts go to small business. Here is where I think—here is the question that is presented. The current language as written gives a preference to local businesses. But provides no mechanism or guidelines for its enforcement. Does a local preference mean all things being equal, the local firm is awarded the contract? Or does it mean competition must be set aside for qualified local firms unless none can be found?

The latter construction is the only way to ensure that local—that the local program is really meaningful. I might say that at a different hearing in New Orleans we found out that 7 percent of the contracts that were given out were to local firms. Their issue of prompt payment we heard about earlier. I won't dwell on that. I see my time is rapidly running out here. We have seen a logjam at the State level when dealing with CDBG funding. At the Federal level, money is allocated based on the needs of damaged areas. Once at the State level, however, this funding is diluted by other interests. Funding that must be approved by the State is slowed down by the legislating.

Locales not damaged by the storm but which housed large numbers of evacuees for instance have sought reimbursement expenses incurred. With that relative strength in the State legislature, this topdown approach results in legislators outside of severely affected areas having a disproportionate influence over where funding ends up. The end result is that badly needed funds are not flowing nearly as quickly as they should, nor in full amounts to ravaged areas that Congress intended. To alleviate this problem and create a more flexible distribution of dollars, money should be granted parishes or counties based on the devastation each sustained.

Due to the sheer magnitude of the destruction to our infrastructure, the gulf coast has countless construction projects funded through project worksheets. When calculating the cost to replace equipment vehicles or facilities, the Stafford Act provides that funding will be provided only for an equivalent item. This inflexible policy frequently results in absurd outcomes. If a building has a 20-year-old air conditioning system that is completely destroyed, then the only authorized replacement is another 20-year-old unit rather than a new unit that is comparable in performance.

A century old school building can only be renovated to the specifications that existed prior to being damaged and cannot be improved in any way. This is simply a valuation issue that requires correction. Reimbursement costs should be provided to items or structures that are similar in function to what was there previously and not a carbon copy to what is likely outdated equipment. We learned a good number of lessons from this recovery and what should be done with respect to making this program work better, Stafford Act work better. There are many other things I could like

to say, but my time is long past, and I would like to submit the rest of my testimony for the record, and I thank you for the chance to speak with you about this.

Ms. NORTON. Thank you very much, Mr. Jefferson.

Ms. NORTON. Mr. Jindal.

STATEMENT OF THE HON. BOBBY JINDAL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. JINDAL. Thank you very much, Madam Chairwoman, as well as the ranking member. Thank you for the opportunity to be here. I, too, would like to submit my written comments for the record. I will not repeat what many of my colleagues have said. First of all, I want to thank the committee for its interest in reforming the Stafford Act to help address not only the Katrina and Rita situations, but also future storms. I am also grateful that so many of our colleagues have worked with us to pass already some important FEMA reform provisions including last year's homeland security appropriations act. For example, we advocated for several measures, for example to improve FEMA's response and preparedness, creating and deploying Federal strike teams to provide the Federal Government first line response to a disaster. Secondly, establishing prenegotiated contracts to provide surge capacity for critical resources by the disaster.

Third, establish national asset and inventory program to track and identify community needs during a national emergency. Fourth, and perhaps most importantly, transferring the preparedness functions within the Department of Homeland Security back to FEMA, so they can be unified with response as preparedness and response go hand in hand, and we must do all that we can to prepare for and respond to future disasters, especially as a start of the next hurricane season rapidly approaches. However, I believe even as it was essential to reform a system that was ineffective at both the State and the Federal levels there are still many outstanding needs and steps that we can take to break the current red tape and bureaucracy which are still plaguing recovery in the gulf coast.

Twenty months after those hurricanes, Katrina and Rita, the inadequacy of the Stafford Act as well as the inconsistency and inflexibility in FEMA's interpretation of it and these extraordinary circumstances continue to hinder Louisiana in our rebuilding efforts. I would like to focus our attention on three main areas. The first is reforming the hazard mitigation grants program, but to provide more flexibility. Recently, our State has discovered a shortfall within the road home program and that highlights a perspective revenue stream that is current being disputed between FEMA and State of Louisiana. The hazard mitigation grant program was designed to supplement road home grants by the State by funding \$1.2 billion in mitigation efforts. However, FEMA claims the current structure of the road home program is not compliant with the law governing the hazard mitigation program, in other words, the Stafford Act. If indeed it is true that the Stafford Act impedes the allocation of these grants to the road home program and its applicants, then certainly we could would call for adjustments to section

5170(c) of this code to make this program more flexible so they can help homeowners rebuild.

Additionally I would advocate that the Act should be amended to allow for global benefit cost approvals for mitigation measures that commonly prove effective. For example, when acquiring a block of 20 homes rather than doing a home-by-home structure-by-structure analysis, it should be enough to determine the total cost of all the homes and the total benefits of all those homes.

So the first area we would recommend are making these housing mitigation grants more flexible. The second area is streamlining assistance, and we have heard from Mr. Boustany and others, according to FEMA's numbers, \$4.76 billion was available to Louisiana for public infrastructure as of May 5. Of this, \$2.34 billion was paid out to local applicants but FEMA claims \$2.42 billion remains held up in the State and there are many causes for this bottleneck.

For example, project worksheets defining what FEMA will pay are clear to local government entities are routinely underestimating those actual costs. While local officials work with FEMA staff to create new versions of these worksheets, the frequent rotation of FEMA staff has caused severe backlogs and continued substantiation of the same claims. This slows down an already tedious process. You have heard examples before already for example in the school systems. There are also examples in Madison bill with the library system where FEMA first estimated it would take \$500,000 to \$750,000 to repair all the storm damages and bring the facility to code. Now after months of arbitration, FEMA's now verbally offering \$187,000, but only to restore the building to the condition it was before the storm, which was barely functional.

If the library officials want to use the money for another purpose that offer would be rescinded. When you have the level of destruction over \$6.3 billion, it is a stretch to assume that local stakeholders would be able to make substantial investments and be reimbursed later. A second change has to be allowing our public assistance applicants to replace destroyed equipment, such as vehicles, with new products instead of reversing those decisions. There has to be a mechanism for FEMA to up front these dollars so that local governments can proceed with reconstruction. There are many examples in my written testimony from St. Tammany Iberia and Vermilion and other parishes.

Three specific examples when it comes to the public assistance, one human capital retention, the Post-Katrina Emergency Management Reform Act of 2006 directed FEMA to develop a plan to improve the workforce, especially to fill in the gaps in the current workforce. A program is to be established or a report submitted to Congress by April 2 of this year, that is still not yet to be done. The rapid turnover continues to cause problems.

Secondly, we need a streamlined evaluation process, for example, allowing local entities to hire and use licensed engineers or trained code enforcement officers in lieu of going through a lengthy and duplicative FEMA review requirement. Third, an alternative buildings construction requirement that would allow alternative projects to be funded at the full 90 percent Federal share instead of the current 67 percent Federal share to encourage comprehensive community redevelopment to encourage alternative building instead of as

many others, as already pointed out, simply rebuilding what was already there before.

On this point, I also want to emphasize we are strongly in favor of legislation that would waive that 10 percent match for the State so the State can get back on its feet for the State and local entities.

The third and final point and I will wrap up my I know my time has run out. The third and final point I think we need to recognize, the magnitude of the Katrina and Rita events as compared with previous disasters. I do want to applaud teams from HUD recently to provide longer term housing solutions reversing its decisions on students who were living in university or college-owned housing. But despite these steps, we have a much greater step that needs to be taken. I think fundamentally, the Stafford Act must distinguish between catastrophic and major disasters. As witnessed after Hurricanes Katrina and Rita, it is evident when a disaster simultaneously impacts thousands of square miles and virtually shuts down an entire—several metropolitan areas, a separate designation is required to adequately respond to an event of such magnitude. A catastrophic disaster designation should be established based on total populations displaced residential property damage, the scope of the failure of the critical infrastructure on vital services that allows us to adjust regulations for assistance, the paperwork the bureaucracy. There is precedent for such a designation.

The Homeland Security Presidential Director establishes a national response plan that is invoked for declared incidents of national significance. As we rebuild the gulf coast, I think, that it is the most important out of my three points that we learned this lesson, we have a precedence for it, that there is a significant difference between a catastrophic disaster and our response should be adjusted accordingly. Thank you, Madam Chairwoman.

Ms. NORTON. Thank you, Mr. Jindal.

Ms. NORTON. Mr. Melancon, you are the last to testify.

STATEMENT OF THE HON. CHARLIE MELANCON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. MELANCON. Thank you, Madam Chairman. I appreciate the opportunity to come here. I have submitted my comments for record. I was here earlier when Mr. Taylor and Mr. Pickering were giving their comments, I listened to part of Mr. Jefferson's and all of that of Mr. Jindal. I would suspect that I would probably be repetitive and to save the committee some time, let me just say that I concur with their remarks thus far. There are some items—I would be happy to stay for questions but in order to kind of expedite the hearing, defer to my other two colleagues from Louisiana. Thank you, ma'am.

Ms. NORTON. Thank you very much, Mr. Melancon. Let me ask all of you a question. Any ideas you have, this notion about fronting money up front when you have a truly catastrophic—we would have to define what this is. But in a—Katrina defines it for you. There may be something less than that, it would also be catastrophic. I will say to you, as I said to the last panel, we had all of your public officials in here ahead of time warning about the spending funds and how they get audited and all the rest of it. This

notion of fronting funds is something that it would appear to be commonsense, except it is Federal funds and it is taxpayers' funds. What I think the committee would need, because it makes obvious sense, and the committee could say there could be a reserve or money that would be available in a catastrophic disaster and define what that was—well, it doesn't get you very far because if you say okay, here are your funds, that doesn't mean that some auditor isn't going to account for taxpayers' funds.

So what we need, given that commonsense idea, is how to do it, and account for it, how to, you know, obviously, you voucher for funds for a reason and it didn't work in a catastrophic event. Well, I tell you why it won't work just to go to the other end of the spectrum. This is where you need truly analytical new thinking in keeping with the new kind of catastrophe we have experienced. I don't necessarily ask you off the top of your head, but that would be very useful to know how you could do that quickly and have the taxpayers trust you that you weren't just throwing money out there because you wanted to kind of protect yourself from kind of criticism that for example FEMA got last time.

I would like to ask you all because of the role that New Orleans played and the revenue of the State budget, what condition the State budget of Louisiana is in now that this major part of the city—sorry, the State, oil, New Orleans and all of that means in revenue, what does—what is the State itself, what is the State itself able to do, given the fact that perhaps a part of the State that was most responsible for revenue is out of commission and has lost its tax base?

Mr. MELANCON. If I could, the State fisc at this juncture is in very good stead. However, it is a result of an economy where which if you look back at all past hurricanes and disaster is a booming economy, because of the rebuild and the construction, plus you have what is called the FEMA effect, everything that is being built down there now—

Ms. NORTON. That is great to hear. Has it spilled over to the rest of the State in your areas?

Mr. MELANCON. Well, it is not the entire State. But the State fisc is in good stead at this point in point in time. Is that an event that will continue ad infinitum? No. It will slowly start fading off, and unless we get some of the changes that have been requested and some of the legislation that we have passed through the House with the—

Ms. NORTON. So taxes are being paid to the State, aren't taxes being paid to local jurisdictions as well?

Mr. JEFFERSON. I might amend that. For New Orleans—New Orleans didn't benefit from either the boom in buying materials, sheetrock and appliances and all that stuff, because there weren't any places to shop in New Orleans to speak of, so the sales tax benefits went to Baton Rouge some went to Jefferson Parish and other places, but none went to St. Bernard because there weren't any places open for business.

So our cities have suffering dramatically and it is a loss in taxes. I asked a man before I came up here, how much is back and he said about 60 percent of the tax base is back online but that is just recently. It has gone up gradually. There was one time when it was

less than 20 percent and then it just has moved gradually up. But the city has incredibly indebtedness now somewhere near \$300 million trying to overcome this lack of taxes, and it is still not where it needs to be and won't be for a good long time so it is unable to pay for things and have it reimbursed.

It is a mighty struggle to keep above water and to pay for all the things that one has to pay for, including fire and police and all the other things that are critical services.

Mr. BOUSTANY. I would just simply add that my district in southwest Louisiana which has a number of rural communities, which were quite literally wiped out those communities are really struggling. I think Mr. Melancon, in southeast Louisiana, has the same sort of situation. Small agricultural-based communities fishing communities which had significant damage their tax base has been eroded significantly by this event and these communities are really having a hard time. Waiving the State match on some of these funds that we have talked about earlier would be of major importance to us, particularly in the rural communities.

Ms. NORTON. Well, you know it is interesting the contrast between the State getting revenue because of the rebuilding and local communities New Orleans doesn't feel it, rural communities don't feel it. I don't understand how this works. At some point, there ought to be some—forgive me—trickle-down effect here.

Mr. BAKER. If I may add, Madam Chair, I am one of the beneficiary communities, Baton Rouge just north of the storm impact, and it is our merchants who are getting the settlements out of the insurance proceeds, people came into clothing stores and would buy entire wardrobes, housewares, building materials, so there has been an exchange of commerce from Mr. Jefferson's Orleans, Mr. Boustany's coastal Rita area, to those residual municipalities that did not get adversely impacted by the storm.

The net effect is a spike in State sales tax because of these transactions which includes an awful lot of automobiles, but as Mr. Melancon said we believe this to be a short term spike, it will flatten off and Orleans to the rest of the State, Orleans metropolitan area represents about 30 to 35 percent of the State's overall economic income. So this short-term cash in the pocket is going to lead us—in my opinion, into some very difficult financial times in a few years to come.

Ms. NORTON. Although typically the old pump the prime notion should mean that as building takes place throughout the State—

Mr. BAKER. The problem is, in this case, this storm took the pump, there is nothing in the ground, there is no slabs, there is no economic activity because we have complete dislocation of social order, schools, firehouses, everything is gone. And so, if you move back in as an individual today, you may be taking your own money and putting it at risk because you don't know if your neighbors are going to come back and rebuild. Therefore, your real estate value is in jeopardy. And that is what is stymieing the wholesale recovery, which would normally occur where communities are damaged but not destroyed. These folks were wiped out.

Mr. BOUSTANY. The other thing I would add, too, is that when you have your law enforcement functions that have really been devastated and damaged and understaffed and a health care sys-

tem, which is really stressed, that also is a significant inhibition on recovery.

Mr. JINDAL. And Madam Chairwoman, I would add one final point. I agree with everything that my colleagues have said. In addition to these being temporary revenues, let's us also not forget there are some very significant obligations that haven't been met. For example for the State to make whole all the people who have been promised in the road home program could take billions of dollars more than allocated. In addition, there has not been a final decision made to how to respond to the destruction caused within the charity hospital system. That could obligate the State to be spending hundreds of millions, if not more, dollars.

Third, there is a significant coastal erosion problem in Mr. Melancon's, and it affects all of our districts. The State has temporary surplus of revenues, but there are some very, very serious obligations, and we shouldn't forget that those obligations are much larger than even those temporary surpluses.

Mr. JEFFERSON. May I make one other small point, unlike almost every storm we can talk about, particularly down in my area and Charlie's area, we are in so much trouble there and we were devastated because the levies broke. It was Federally designed, constructed and maintained levies that gave way that drowned the City of New Orleans, and that drowned St. Bernard Parish, that not having been taking place, we wouldn't be talking about this level of devastation. That is not true along the western coast of the State, but it certainly is true where we are. And so, I think there is a larger responsibility here on the part of the Federal Government to make our region whole.

Ms. NORTON. Well, I certainly agree. I begin with who pumps the prime—or pumps the pump, whatever, first and if you look at Europe, didn't need us after a while, or if you look even at for that matter the Great Depression, first the government begins to do the building the public building that is necessary, then everything else takes off. You can't expect the private sector to start rebuilding a State. You start with the Federal Government or with the public sector. Then, of course, you begin to peel off into the private sector the private sector then get some of that, and you begin to rebuild. And after a while, you look at Europe, they didn't need us for very long after we were in there on the ground initially. Before I go to more questions, I am going to move to the ranking member.

Mr. GRAVES. I don't have anything.

Ms. NORTON. We have been joined by a member of the full committee, Ms. Brown. Ms. Brown do you have a statement before I continue with questions?

STATEMENT OF THE HON. CORRINE BROWN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Ms. CORRINE BROWN OF FLORIDA. Yes, I do, Madam Chairman. And I want to thank you for inviting me to come today and to testify about my experiences with dealing with the unresolved problems regarding Hurricane Katrina. And I say all the time that I view myself as the people in the New Orleans, Mississippi, Louisiana area member at large. I am very interested in helping them to resolve their problems. I have been to New Orleans seven times,

and I am going again in June. Sadly, every time I have been there it looks like a war zone. It is unbelievable that 20 months have passed and the most basic human needs have not yet been met. 20 months later and residents are not able to move back.

There is still debris everywhere and people are without electricity. Twenty months later, and there are impassible roads and no clean water, not enough teachers. Twenty months later, no street sign, toxic fumes in the air and not enough police officers. Twenty months later is unacceptable. You know, I am proud to be a part of the new Democratic majority and part of the Transportation and Infrastructure Committee that recognized that we need to fix these problems fast. It is my hope that my testimony and other statements from colleagues and some other problems that can easily be fixed and give the residents of Louisiana and Mississippi finally a chance to rebuild.

My testimony today will highlight a few of the problems that I heard from residents and their families, and I think that can easily be fixed. The major problem is getting the funding to the residents. Frankly, there seems to be two problems, one FEMA and one the State. And what seems to be the problem is they don't understand that we are loading the people down with complicated paperwork.

Let me give you an example. Louisiana applied for a FEMA hazard mitigation grant program that would fund the road program. FEMA denies their claim and calls a shortage of funds for the road home program. Now residents have to wait even longer to rebuild. Another FEMA problem regarding the damage assessment. I heard FEMA falsely assured school districts—and I heard this from superintendents when I was there. They reported in New Orleans and Mississippi, they had okayed the projects and the school system went out, purchased sites, rebuilt. And now they have not gotten the reimbursement and FEMA has denied them the additional funding. That is a problem and the problem that superintendents have told me exist. In addition, I went to the airport and the administration went with big checks, they blew up the checks. Here's the money, \$25 million or whatever, but they whispered in the ear of the airport directors, now you can't put it in the bank. And to this day, they have not gotten the funds. And so the horror story of the government not functioning, a government that is inept incompetent, that don't care.

And so I have a list of concerns that I want to submit in writing. Another one is that stands out is the SBA loan program. Now, if you apply for the loan program and you have gotten assistance from another area, they take the entire lump sum out, wherein if you had a loan, you could pay it back over the period of time with small interests. That is not the case. I would like to thank Chairman Norton for allowing me to testify today and her leadership on this issue.

I am looking forward to working with members from Louisiana, Mississippi, and other members from the Transportation and Infrastructure Committee to finally help the residents from the Hurricane Katrina recovery, and let me just close that I have adopted a family there. I brought them to Orlando for a week. But the key there is that I took their plight to the White House, letters, their casework and we were able to get the funding after 18 months laid

out, although they told me they haven't received a penny; they have gotten in writing they would receive the money.

One of the ladies died last Saturday and they had the funeral, but at least she knew that her funds was on the way, and the VA—I am pleased to say that we are on the right path as far as making sure that the funding to replace that system is in place. I would ask for hearings from the VA to make sure that we can cut down the amount of time it takes to deliver a hospital to the veterans in that area in particular. In the area of transportation and infrastructure, I am asking my governor to convene a conference with the governors in those areas so that we can have a train, economic development train, but also one that when we have another hurricane, and we will have another one, we will be able to move people out of harm's way. Thank you, Madam Chairman.

Ms. NORTON. Well, thank you very much, Ms. Brown, for your sustained interest in this part—this part of the country. I know that your experience in Florida has made you particularly conscious of the needs when an even more catastrophic event occurs in another State. I only have a couple questions and a question that really plays off of one that ranking member asked. But first, I would like to ask you a question, a couple questions that appear to have come from the City of New Orleans, that involve—would involve were such matters to be adopted a rather unusual intervention into State affairs. First, the city implies if a truly catastrophic event occurs, and we again have to define what that means, the State should be compelled to accept immediate needs funding. This must mean the State did not immediately accept such funding. I am not sure why, but I would like your thoughts on Federal Government to that extent when the State has not instantly or immediately accepted immediate needs funding.

Mr. BAKER. Madam Chair, I don't know that I am the right person to respond to the question, but I can go back to those opening hours of the storm's approach at the operations and control center in Baton Rouge where the State police and later the governor's operations were finally located. There was much disarray in those early hours, and the delay in my opinion—I am certainly not speaking for any other member, in bringing in the National Guard to help restoration of order was a significant impairment to our recovery capability. When individuals with goods and services arrived on the scene, there was civil disobedience of significance. And the first responders simply refused to go in until social order was restored. That cost precious days and presented you with those pictures of people standing on elevated interstates without even water to drink. That is unacceptable. I have, and remain an advocate of early intervention in a catastrophic environment where social order has been completely lost and we had no law enforcement on the ground to speak of, for the National Guard to come in and assume operational control immediately on stabilizing the community. All matters should be then delegated to the local authorities to determine the next step. This would be temporary but it would be immediate. The funding issue is something frankly that would not—expedited funding would not simply have mattered in the early hours of the response, because there was no place to deploy the money anyway.

The first place that money was deployed was at the centers where people were temporarily housed and we, for a short while, had the \$2,000 program that was given to people to help them get on the road and to other shelters. That did not work very well either. So there is great room for improvement in response mechanisms in those first 48 hours of a storm of this magnitude.

Mr. BOUSTANY. Madam Chair, I would agree with Mr. Baker, and relate my experience with this. In the immediate hours after Katrina, I was at the communications center for the largest privately owned ambulance emergency medical services company in the country, but it does provide the bulk of emergency services throughout our State of Louisiana. They had the only functional communications system in the State and we were getting real-time information from paramedics who were trying to get in and who were fearing for their lives in these early hours.

So clearly, when you have a disaster of this magnitude, the logistical capability that could be brought to bear by our military and certainly National Guard is essential. And I had calls, for instance, from someone who had an armored car service trying to get money to ATMs to desperately help people in need who couldn't get in because of crime concerns. So law enforcement and getting order is essential in those early hours. It goes hand in hand with the emergency effort. And there was considerable chaos early on and there was very poor communication. In fact, the center where I was sitting and working with others was the only place where we had viable communication in the entire area.

Ms. NORTON. Mr. Jefferson, this idea appears to have come from the City of New Orleans. What do you have to say about it?

Mr. JEFFERSON. I think the City of New Orleans is right in this regard. As I have said earlier, I think as a structural matter, the notion that the State has to be the only entity to be dealt with here and the State has to agree to a coordinated response is, to me, unrealistic. I think that if you look at what happened on 9/11, the Stafford Act still applied, and it said the money goes to the State. But the governor made a decision that was different than what was made at home. He said, we got the moneys, sent it to the mayor of the city and said get things fixed.

If it works that way, it is a beautiful thing, but if it doesn't, if you get bottlenecking in one place or another, it doesn't work. So I would think that as a structural matter, if the devastation takes place and parish X we ought to have a more direct way to get things to parish X authorities, through the Stafford Act, rather than have it all having to go through the State, which requires coordination.

Second of all, as has been pointed out, the communication system must be compatible. A lot of this discussion about the crime and lawlessness was as we found out later, it was rumored but nonetheless, it kept people out. I suspect some of it was real, but when they got through all the investigations, all the things about murders and all the rest of it, it turned out not to be so. It was a complete deterrent early on and kept people from not taking the risk of going down. Second thing is prepositioning of pretty much everything.

I think on the public side prepositioning of the fire and police folks in a position where they can kind of—not be victims but come back and be of service is very, very important and have the local folks have a chance to do things.

Second of all, contract prepositioning, we had these four big contracts, or five, whatever it was, came in there with no-bid contracts, we had no small business folks, no local people ready to do very much of anything. I think this whole thing has to anticipate that we can have the prepositioning issues done with local contractors and with our local first responders, have communication so that everybody can kind of have good information and be able to talk to each other through and a more direct way to get aid directly to the affected areas without having it to go through all the—

Ms. NORTON. Very sensitive issue. But again catastrophic funding. I will tell you one thing, by of course going through the usual protocol administration we should say the Federal Government took the rap. So if, in fact, lives are lost or there is civil disorder because you are going through the statutory protocol State, local, Federal, whenever that comes in, in the long run, the world will see the Federal Government as having not come to the aid of its own citizens. Another controversial perhaps notion—that a suggestion that has come forward to us is that FEMA should have the responsibility for managing and setting up, establishing some kind of national evacuation plan.

I think there might be some concern about that in terms of homeland security, although one should see these as exactly the same kind of disaster, if an evacuation was necessary. What do you—what are your views on whether there should be such a thing as a national evacuation plan?

Mr. BOUSTANY. I don't think it should go from the top down. I believe there should be significant input from the governors and from the States and from the local communities working in tandem with FEMA. I know that the particularities of the situation on the ground and their respective locations, and I think evacuation plans should be worked out at the State level, but with some Federal input as to, you know, how to expedite these things and where pitfalls may come. I think if everybody is working together, if you prepare ahead, then there is less confusion when you have a problem.

But I do believe that one of the problems we have had is we probably perhaps thought FEMA could do too much, and I think there was a lack of clarity as to what exactly FEMA's role is in something like this. Because clearly FEMA didn't have all the resources necessary. So I think there needs to be clear communication beforehand about proper roles and who is going to do what from you know the individual counties or parishes with their emergency personnel to the State and communicating with FEMA.

Mr. BAKER. Madam Chair, if I may, I would suggest—I return to my catastrophic risk assessment idea, coordinating all known available data in real-time, what is difficult for local officials is to say let's evacuate. You have to shut down businesses, inconvenience people, take kids out of school, run by the grocery, get the car filled up, and then don't know where you are going. A model that would enable all the available commercial and governmental data just to be visible on a screen where you as a person get home,

you see where the storm is, the likely storm track. That is the weather station.

Then you see that the hotel bookings in central Louisiana are beginning to fill up. That is a warning. You see that there's gas shortages from lake Charles going west from the storm track. You see that the storm is intensifying. You see that there is—you know there is health care problems, perhaps elderly being transferred from nursing homes into other hospital care facilities. All of those are dynamic predictors that convince local constituents in a way local officials cannot, and if there is to be another Katrina-like event in the New Orleans area and we don't start getting people out 3 days in advance, we can't get them out.

If there is not enough contraflow to get all the vehicles out of that region of the State without significant advance warning, and the way we do it is to begin to tell people, local resources around the corner are being depleted, and if you don't leave now, you may not even be able to buy gas. People were stuck on the interstate as much as eight and 10 hours to get from New Orleans just to my city of Baton Rouge, and from there I had people staying at my home. I had people staying in my campaign headquarters.

Everywhere you could find a place to put people you would put people because all the commercial assets filled up too quickly, and they didn't have the resources to get away in time. So I really think that—and that is not just for our committee. I think any community subject to coastal risk ought to have some sort of system that has all those inputs. And there is a lot of people that can tell us how to construct these things to give people the judgment and skills they need.

Mr. BAKER. And that goes, as opposed to a national plan that is static in form, that has a rule book. I think the dynamics of these things are so unpredictable we need something that is real-time.

Mr. BOUSTANY. I would agree with that and, first, it is one of the problems we had was finding hospital beds, and we ended up using that communication center I mentioned on an ad hoc basis, getting information about where people were coming from and making phone calls to get real-time information about where to transfer hospital patients from one damaged or flooded hospital to where hospital beds were available, and this was going not only statewide but actually outside of the State of Louisiana. And it was sort of an ad hoc "from the ground up" type of effort, and I think Federal Emergency Management Agency can provide oversight for when you have, for instance, a disaster beyond just a county, where you are involving multiple counties, then FEMA can provide sort of the coordination. But you have to have the communication, real-time communication, to really make this work.

Mr. JEFFERSON. Let me say one thing. I think at the end of the day in New Orleans, if you are going to test if the evacuation worked based on who was left in town, I will give you an idea of what I think happened. First responders were left there because they had to be. They were asked to stay, they were trying to be helpful, whether they were pumping water—fire, police. Some of those folks were left and trapped in town. The folks who were in-firm, who were in nursing facilities and who were in senior citizen facilities and all the rest of it, people who were dependent on other

people to move them and who could not make a decision on their own were also left. Hospitals—folks in hospitals were left and abandoned. Our tourists were stuck there who were in hotels and all the rest. And, finally, poor people. Really poor folks were left there because they didn't have any way to get out of town. They had no cars. They had no money. They had no whatever. So in those five categories that is why we had folks left in the city.

Now, part of the responsibility lays on the part of the Federal Government for not, for example, helping the city plan. Part of it was on the city. All of them didn't do it right. None of them participated in all these issues and none of them did it correctly.

We had an exercise here called Hurricane Pam which was a FEMA-orchestrated worst-case scenario storm in New Orleans. And they anticipated many of these things, but didn't do anything about it. And so one of the big deals is to actually—if you are going to do a Hurricane Pam kind of an event as a simulation, then do all the things that you know can work in that sort of storm.

I do not believe the Federal Government would be in charge of the evacuation plan and all of that. I think they ought to be big partners in this. They have many more resources—we have many more resources here on this level than the States or local governments ever had, so there must be coordination in the use of them. But I do think they can provide a lot of technical help in planning, because as Richard points out, there are facilities all over the country that can be used in the case—as it were in this case—that folks weren't prepared to provide.

They also are first responders all over the country that were made available to help, ere ours actually are overwhelmingly becoming, themselves, victims. But there are different remedies to be applied to folks who are tourists who are there trapped in hotels, people who are too poor to find their way out of town, folks in hospitals and therefore dependent on others, older people who are infirm, and those who are first responders who had to stay and try to rescue. So each required a different approach to dealing with it.

Ms. NORTON. I appreciate your input on that. The notion about real-time evacuation and how to make sure that is coordinated, I take that question. What I think is left out of your analysis is that if you are evacuating, you are evacuating to someplace else. You are evacuating to somebody else's State. You don't have jurisdiction in somebody else's State. Only the Federal Government has that kind of jurisdiction. There is one thing to say, as I think you probably say, again we are learning from Katrina. And Katrina was just about getting people to go someplace, anywhere, quick. Okay, we got that.

A national evacuation plan would have to prepare Texas, would have to prepare other States around, to understand they may receive people. Might even—might even decide where people from one part of the State might go, or cities in—Baton Rouge took a huge number of people from New Orleans—might even make arrangements ahead of time on a temporary basis.

We can talk about Katrina all we want to. If there is a catastrophic terrorist event where, in addition to knowing somehow that the floods would recede, you are left with not knowing where the terrorist event came from or what to do, it will certainly not

be enough to say to the Governor of the State, Why didn't you evacuate people?

If it is a nuclear device, evacuating people, for example, in the direction of where the nuclear residue is coming from would be further catastrophe.

I am struggling with this. This is for very good reason these matters have been State matters. But, you know, this is the 21st century now. And this is global terrorism. This is, yes, Katrina writ large.

Mr. BAKER. Madam Chair, if I may suggest—

Ms. NORTON. But I need you to think about, particularly in light of the confusion that developed around going through the protocols, about the timing it takes to go through the protocols, and about the terrible effect on other people who are still feeling that effect in surrounding States, but have simply acted like good Americans and have absorbed the effect.

Now, it is one thing to absorb the effect from people who come in relatively healthy. It is another thing to absorb the effect of people coming in contaminated with something that has gone off in their area. It is the failure to think of the next catastrophe that bothers me about Katrina, because I am not sure that another Katrina will occur for some time to come. But given what has happened in global warming, the unpredictability of—we have tornadoes in Florida now, and the rest. I am very worried about our overlearning—

Mr. BAKER. Madam Chair—

Ms. NORTON. —certain kinds of mistakes and not moving, not moving forward as a result.

I am hearing him. I am going to finish saying what I am saying and then I am going to call on him.

This is an issue of some concern, takes very deep thinking and analysis incorporating what we have learned, trying to imagine what is unimaginable, and bearing in mind that just as the State took the rap for evacuation, there is still controversy about whether or not there was some Federal role to be played there. And the next event may present an entirely new circumstance. And I hear very little to help me think as a Federal official how to deal with that.

Now, Mr. Baker.

Mr. BAKER. Thank you, very much, Madam Chair.

I would merely point out that in the early hours of any type of catastrophe, principally the hurricane we experienced, but almost any catastrophe, there is of necessary consequence a local decision-making-driven process. And the system I am encouraging to be promoted is advisory in nature, not mandatory, in that you give people information. Some will use it. We know some won't. Some will adamantly refuse to leave.

Ms. NORTON. I understand that and I accept that. That is an important contribution. I am talking about some kind of framework that—for example, here in the District of Columbia, where, by the way, 200,000 Federal employees that come in and go out, they don't even live here.

The first thing we have learned is, hey, evacuate. Well, that builds human catastrophe of unspeakable proportions on what is

likely to be a rather small event that happens in one part. But that is what everybody thinks now. They think you ought to evacuate.

I will tell you one thing. There is no way to get out of this city and there is no place to go. And I don't think Maryland or Virginia has the answer to that.

Mr. BAKER. My point merely was that our citizens went to concentrated points of relief and thousands were in temporary shelters for about a 3-month period. Those are the people that then later located out of our State to our great neighbors in Texas, Mississippi, and Arkansas.

So it is a staged event. If the—

Ms. NORTON. And I am suggesting, again, it may not be a staged event next time. The thing may be get out of Dodge, get as far from your State as possible. I am not asking for off-the-cuff answers. I am asking for us to imagine whether people are going to be in the State, anywhere near the State, given certain kinds of catastrophic events. I understand how it happened there, how it peeled off. People just wanted to get out of the flood area then.

But I am trying to force us to think about an event of the kind Katrina was, an event we couldn't possibly imagine.

Mr. Jefferson.

Mr. JEFFERSON. I think that you have challenged, at least me, beyond my capacity to respond fully to you. But I do want to say this much. There are a lot of places in Louisiana that could have accommodated our people if we had thought about this thing earlier. In other words, we don't have to really necessarily involve other States. We are dealing with the southern Louisiana phenomenon. It could be Shreveport, Monroe, Alexandria. We could have places up there that people could go.

Ms. NORTON. Do you think they spread out rather evenly and well—

Mr. JEFFERSON. What happened was people make their first decisions themselves as to where they would go. If you know somebody in Alexandria, you went there—

Ms. NORTON. Right, if you have relatives there.

Mr. JEFFERSON. Right. Then go to Atlanta or Texas, whether there was a hotel room, whether they thought they were coming back home in 3 days. Nobody thought about this thing as a 2-year event—is what it has turned out to be—and beyond that now in the next few weeks. So it is certainly something we hadn't thought through.

The challenge you are presenting to us is let's stop and think this through, because if it happened once it can happen again, maybe not in the form of a hurricane, maybe some other form.

I am not prepared to provide an answer, but I can tell you there are ways we can look at this that can involve some Federal assistance helping us to make these plans and some Federal resource allocations that can help us do things, perhaps in our own State, that can end up with a different result from what we faced here.

Mr. BOUSTANY. Madam Chair, I would just add something. I believe you have to look at the scale of these different events from perhaps a small localized event all the way to a major catastrophic event involving multiple States, multiple communities. And I think a way to approach this is to have mayors talking to the regional

mayors to have cooperative agreements, have the Governors of the respective States having an overall umbrella plan for the State, and then perhaps a Governor of a State talking to contiguous States with cooperative agreements.

We did this in southwest Louisiana with our mayors, to allocate resources in the immediate chaos after Hurricane Rita, and it worked very well. In fact, we bypassed the chaos in Baton Rouge where everything was bottle-necked. Every request had to go through Baton Rouge. It took hours, and sometimes days, to get things. We found alternative ways to get supplies—gasoline, diesel and so forth, medical supplies—by having this sort of cooperative arrangement.

I think FEMA with its regional offices should be actively engaged with the States and the local communities before these events so that they can kind of model out what happened after a particular event. If we do that, we will have a proper system in place and that is—

Ms. NORTON. That is the kind of thinking I am talking about. Yes go ahead.

Mr. BOUSTANY. I think the final point I would make is that there has to be a trigger for when a Federal response occurs. We saw an interminable delay after Hurricane Katrina in the New Orleans area before we saw the full mobilization of a Federal response. And when that Federal response began, it was a thing of beauty. It worked very well in the immediate recovery—or immediate response stage, I should say.

What is that trigger point? Particularly if a Governor is sort of—if a Governor is incapacitated or paralyzed by the situation, indecisive, at what point does the Federal Government move in? This is a real problem after Katrina and I submit to you it is not a problem we have solved yet, and it is something we need to address here at the Federal level.

Ms. NORTON. Mr. Boustany, I think there is Federal authority to require the States to gather together and work out the kind of regional understanding that you—here you wouldn't have the Federal Government for doing it. What does the Federal Government know to do for, for example, in this region? They would have to say look, Maryland, D.C, and Virginia, you figure out what would happen if there was an evacuation. In fact, the most important thing we would have to figure out is how to make people stay in place, because we are less likely to have a flood or a natural disaster than we are to have a terrorist event.

What Mr. Jefferson said, I think, is driven home by a 2-year event. Mr. Baker said, first, people came to points nearby and then they fanned out into other places; because as Mr. Jefferson said, no one thought it would be a 2-year event.

I give you this, gentlemen. Every time thus far that we have passed a piece of legislation, the 10 percent—I think—matching, each time those States have come in and said, "me too." and you know what? Each time we have done so—when Texas comes in, when Florida comes in, and says as a result of Katrina—Arkansas in particular—each time we felt we had to do this. But notice how we have had to do it. We have had to do it on an ad hoc basis because the Stafford Act does not take into account the effect on the

States, surrounding States, and, for that matter, other localities. That is dangerous. We do have freedom of movement across this country. But, particularly if we have certain kinds of catastrophic events, if in fact the States believe that a whole hoard of people were going to come in from another State, and give you a 50 percent increase in people attending your schools and in people who want your State legislature to come up with the State share of Medicaid, and with people who wanted food stamps, with your legislature to do it, I would tell you I would hate to see what would happen to the normal generosity of the American people.

So I think we have to look at—and I appreciate the notion of the States getting together. The Federal Government could say, “whatever you decide,” but could require that the States in the regional configurations where they usually operate in this area—I know exactly what those configurations are. They are Montgomery County, Fairfax, the District of Columbia. I mean, I know exactly where they are. So we wouldn’t be inventing anything new.

I suspect that, depending on where you are in Louisiana, you work more closely with Arkansas, with Texas, or with whoever it is.

Just let me finally say to Mr. Graves, do you have any further questions?

We held this hearing because we did not believe that the committee was in a position to know what should be done in the nature of what we are anticipating doing. We intend to put together a set of legislative fixes. These fixes would pertain to your areas alone. They would say to FEMA, this is—perhaps some of them will have time limitations. They will all relate to Katrina, Rita, and Wilma.

Any further information you have would be what is most useful to us. None of us have experienced what you have experienced. Your constituents do not come to us, they come to you. So I invite you, in addition to the very helpful testimony you presented today, to keep it coming to us as we prepare the legislative fixes that are now—that your testimony has already suggested.

MS. CORRINE BROWN OF FLORIDA. Madam Chairman, I have a question. But let me just say, like quickly, that the FEMA that you all experienced is not the FEMA that we dealt with in Florida and I really—you know, one of the things, we did a lot of reorganization after 9/11, and I don’t think all of it was good. Because how we changed the role and scope of FEMA, first of all, the Wall Street Journal printed an article—or New York Times—with 20 top physicians. Not one of the 20 top had any disaster experience.

Now, I don’t know how far we should go as legislators to say what it is as far as job description. I don’t feel that we have to do that. But the point is you can’t appoint your friends in life-and-death situations.

As we move forward, we need to figure out the role of Red Cross. They go into the community—as you think of the bigger picture—they go into the community and they have contracts; but what process do they use to include the local businesses in even delivery of food, or contracts, working with them?

First responders came into the area. They came from—I know they came from Jacksonville. We sent 16 tractor-trailers, but the first responders in many areas weren’t permitted, Madam Chair-

man, to go into the community, because FEMA didn't certify them or something. We talking about physicians. We talking about doctors that was practicing in emergency rooms. We talking about firefighters that was there playing ball, because they was not permitted to come into the area. Not that they didn't want to come, they was not permitted to come.

So we have—just last Sunday I met a young lady in a nursing home—and we need to have plans not just for the New Orleans area, but period. It should be a national program so that when people go into nursing homes and they didn't have the supplies, the family did not know what people in various nursing homes was taken to. So we have got a lot of work and it is interesting. This was a national disaster, what you are seeing. But what if someone was constantly attacking us? That would be a major problem.

Now, one other thing. The ships in the area—a lot of captains call me, there are ships that are available that could be brought in, we could have carried a lot of the supplies, but we didn't even call them up. And many of the Navy people called me and many of the captains saying they have always been sent to other countries. How come, when we had a natural disaster in our country, we didn't utilize their services?

So it needs to be more working together with the various agencies, and perhaps the role of FEMA is a lot bigger than just FEMA.

Ms. NORTON. Thank you very much, Ms. Brown.

On the matter of the qualifications of the top officials with FEMA today, the committee has asked for an audit of the qualifications of all of those officials, because we want to make sure we don't have another Brownie situation. And there have been complaints that although some of these people are military, they do not have disaster experience.

I want to thank the Members again for really very helpful testimony and urge you to keep it coming to us as we prepare our own bill.

The hearing is adjourned.

[Whereupon, at 5:10 p.m., the subcommittee was adjourned.]

**Subcommittee on Economic Development, Public
Buildings and Emergency Management**

**Hearing on “Legislative Fixes for Lingering Problems that Hinder Katrina Recovery”
Thursday, May 10, 2007**

Statement – Congressman Jason Altmire (PA-04)

Thank you, Chairwoman Norton, for holding this hearing today on the lingering problems facing the Gulf Coast. I appreciate the opportunity to examine this critical issue in greater detail and hear from my distinguished Gulf Coast colleagues on legislative proposals to restore the region to its previous luster.

Federal planning and response is critically important to every corner of this country, including my district in western Pennsylvania. We can do better and I am hopeful that this Congress is prepared to continue to address these challenges.

I appreciate the information and testimony provided to us today. I look forward to working with the Chairwoman, my colleagues on the Committee, and the Members who represent those areas hardest hit by Hurricane Katrina to address Gulf Coast recovery and to ensure that future disasters are handled capably and efficiently.

Thank you again, Chairwoman Norton, for your attention to this issue. I yield back the balance of my time.

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Statement for the Record

Congressman Richard H. Baker

Subcommittee on Economic Development, Public Buildings and Emergency Management - Legislative Fixes for Lingering Problems that Hinder Katrina Recovery.

Thank you Chairwoman Norton and Ranking Member Graves for the opportunity to address the Subcommittee on Economic Development, Public Buildings and Emergency Management on the important issue of recovery from the 2005 hurricane season. As you know, Hurricane Katrina made landfall over 19 months ago and Hurricane Rita 18 months ago, but the effects of the storms still resonate in Louisiana and across the nation. I appreciate being able to voice the concerns of my constituents and state today.

Roadblocks to Recovery: What Local Governments Need

Earlier this year during a full Transportation and Infrastructure Committee mark up on H.R. 1144, the "Hurricanes Katrina and Rita Federal Match Relief Act of 2007," I shared stories from Sheriff Wiley of Ascension Parish and the Baton Rouge River Center that were still struggling, over a year later, to be reimbursed by FEMA for work they performed in the wake of the hurricanes. Ascension Parish police, fire crews and emergency personnel worked tirelessly in the impacted parishes to provide relief; the River Center was one of the largest shelters in the state, housing over 6,000 evacuees.

I am pleased to report FEMA has recently reimbursed Ascension Parish for its out-of-parish expenses. I remain hopeful that resolution will come on their submitted in-parish expenses, as well as eligible costs incurred by the River Center. However, law prevents resolution on an issue that still burdens my community today: loss of revenue at facilities due to sheltering evacuees. Facilities such as the River Center, the Recreation and Park Commission for the Parish of East Baton Rouge (BREC) and the Lamar Dixon Expo Center threw open their doors to provide shelter thinking they would be reimbursed for any losses incurred. For example, BREC estimates that over \$300,000 in billable items, such as rent for the facilities, were denied by FEMA. The River Center cancelled over \$100,000 worth of events, and \$20,000 was estimated lost by Lamar Dixon. These figures are small in scope compared to the billions allocated to the region for recovery, but represent a significant amount to the community. I believe these facilities should be made whole.

As you may hear more about today from my fellow members of the Louisiana delegation, New Orleans is facing serious issues echoed throughout the Gulf Coast: undervaluation of project worksheets by FEMA which results in huge shortfalls in funding for projects; and constant turn over in staff which leads to lack of familiarity and consistency with projects, and in some cases, de-obligation of funds. Congress did not intend to tie the hands of local governments, and I implore FEMA to address these types of issues that remain. The City of New Orleans has also shared additional concerns and

suggestions to remedy these problems through permanent fixes to the Stafford Act, which I submit today for inclusion in the record.

Lessons Learned: Improving Recovery for Future Events

FEMA's Exorbitant Administrative Costs

On April 26, 2007, this Committee allowed me the opportunity to raise additional issues to the ones mentioned above at a hearing entitled "FEMA's Preparedness and Response to All Hazards." I wish to reiterate my concerns over administrative costs incurred by FEMA during the disaster. After Katrina made landfall, the Congress generously made substantial amounts of taxpayer resources available to provide mass care, restore damaged or destroyed facilities, reduce the impact of future disasters, clear debris, and aid individuals and families with uninsured needs. I am truly grateful that Congress recognized this need and swiftly responded. However, in review of a recent Congressional report on the status of the Disaster Relief Fund (DRF), I am alarmed that over **\$7 billion** was used for administrative costs. This represents more than **22 percent** of funding provided to FEMA for disaster response during the 2005 hurricane season. Administrative costs are defined as salaries and benefits; travel; transportation; rent, communications and utilities; print and reproduction; missions; other services; supplies and materials; equipment; land and structures; and urban search and rescue. While I do not question the significance of what FEMA faced in responding to the needs of the Gulf Coast, little has been provided to define the exact scope of what FEMA has spent over \$7 billion on. We hold state administration of disaster relief funds to a higher standard than what has been demonstrated by FEMA. Addressing the issue of administrative expenses may allow more money to flow to the areas still recovering.

Long-term Housing for Evacuees Can Be Improved

Moving on to the issue of housing of evacuees, I would like to first recognize the difficulty in addressing the tens of thousands of displaced residents, some of whom lacked economic means before the storm and others who may have become disadvantaged because of the storm. Nonetheless, FEMA's struggle to provide shelter to victims of disasters and work with communities to develop sound housing options, whether temporary or long-term, was glaring after the hurricanes. Some estimates show that the population of the City of Baton Rouge and surrounding parishes has grown by more than 60,000 since Hurricane Katrina, many of whom are still in FEMA housing. Local communities and the state deserve the opportunity to work with FEMA to invest in long-term housing options in the wake of major disasters, recognizing that there are no homes for these displaced residents to return to. Furthermore, I would like to reiterate questions posed to FEMA during the hearing on April 26th: FEMA has not submitted a National Disaster Housing Strategy to Congress to date, when will this be completed? What agencies will be included in this strategy? What is long-term disaster housing as defined by FEMA? Lastly, it is my hope that FEMA will include provisions in the National Disaster Housing Strategy that provides for collaboration with states to invest in housing that will meet the long-term housing needs of evacuees and communities.

Updating Flood Maps and Citizen Disaster Risk Education

As some of you may know, I have been deeply involved in the debate on the National Flood Insurance Program (NFIP) and flood plain management through my work on the Financial Services Committee. I know you share my alarm that many of the nation's flood maps are more than 10 years old and no longer reflect current flood hazard risks. According to a GAO report issued in 2006, floods inflict more damage and economic losses on the United States than any other natural disaster. This report details that during the 10 years from fiscal year 1992 through fiscal year 2001, flooding resulted in approximately \$55 billion in damages. We also know that figure has increased considerably after Katrina and Rita. I am pleased that Congress appropriated \$1 billion for the 5-year effort FEMA estimates it will take to update the nation's flood maps through a flood map modernization program; however, I remain concerned by what that means for communities today.

FEMA must use the information compiled from the map modernization program for more than just a trigger for flood insurance or flood plain management. Many of you here today have heard stories of people who thought their property was safe because their house did not flood in hurricanes Camille or Andrew, but was damaged or decimated by flood waters in Hurricane Katrina. Merging the information that FEMA will collect as they update their maps with information already on hand, and providing that to the public in a user-friendly manner, will transform how individuals view their risk as future hurricanes approach landfall. I know this is vital to Louisiana, a state facing a new hurricane season in just a few weeks.

Prepositioning of Equipment and Supplies

Sections 636 and 637 of the Homeland Security Appropriations Act for fiscal year 2007 requires FEMA to evaluate and develop an efficient and flexible logistics system for the procurement and delivery of goods and a directive to establish a prepositioned equipment program. I am eager for FEMA to work with private sector providers to develop partnerships for prepositioned equipment and supplies, or simulate similar operations. Large distributors were able to provide needed supplies to disaster areas whereas FEMA was inexplicably unable to do so, demonstrating an efficient and flexible system worth capitalizing on. Furthermore, there may be no long-term reason to create a FEMA-run delivery system for goods if there is a cost effective alternative. Notwithstanding changes made within FEMA to address these matters, FEMA has the opportunity to be a true "manager" during disaster response and to utilize the private sector during emergency events.

In conclusion, I look forward to working with the Committee to address the variety of issues raised today, and I appreciate the Committee's interest in this very important topic. Additionally, I welcome debate on permanent changes to the Stafford Act so that these types of issues will not hinder the recovery of future communities.



CITY OF NEW ORLEANS
C. Ray Nagin, Mayor

Stafford Act and Disaster Policy Changes March 2, 2007

Draft: includes bold italicized interpretive comments

New Orleans experienced a catastrophic disaster of epic proportions, and continues to battle through the most complex disaster recovery ever undertaken by any American community. City leadership has had first-hand experience of the Robert T. Stafford Act, of the operational challenges involved with its implementation and the troublesome inconsistencies in its application to our circumstance. Though we applaud the discretion the Act's drafters afforded in their effort to anticipate all eventualities, many of its provisions are not helpful or workable in a disaster situation of Katrina and Rita's magnitude.

Please accept this list of suggested changes to the Stafford Act to begin discussion on what we hope will be an overhaul of the Act and its implementing regulations. We ask that future changes be made retrospective so that New Orleans can benefit from them, and that those implemented in 2006 are automatically applied to the Katrina and Rita disasters, the first and third worst storms in the nation's history.

Catastrophic Disasters:

Recognize the need for and establish a magnitude formula for the designation of a "**catastrophic disaster**" to differentiate those of more devastating impact (e.g., over 50% of structures damaged within a political jurisdiction and/or over 50% of population of a jurisdiction displaced for a period of time) from the category of "major disasters" currently addressed in the act. This designation should trigger:

- Mandate the rapid implementation of Immediate Needs Funding (advance on emergency costs).
 - *INF is a program allowing FEMA to advance applicants up to 50% of an estimate for emergency costs (categories A & B) shortly after a declaration. The State currently has the ability to use or not use the INF program. This can mean that it is not made available at all, or that a lengthy delay in making a final decision and implementing the program negates its intended benefits.*
- Lengthen and align all deadlines found in current FEMA policy for requesting and obtaining both individual and public assistance for a minimum of 12 months.
 - *Much time and energy was spent after the disaster trying to keep up with varying deadlines that in a catastrophe would be better spent tending to the disaster.*
- Provide automatic 100% federal funding for all categories of eligible work (inclusive of both straight and overtime for force account employees performing eligible emergency work).

- *Currently, FEMA pays straight and overtime for permanent repair work, but only overtime for emergency work. The premise is that the work (emergency) during the first eight hours of the day was what that person would have been doing anyway. However, this could also be said for straight time permanent work, currently covered by Stafford). Additionally, in a catastrophic event when revenue sources are disrupted, making any payroll for the first few months following the event is a daunting challenge.*
- A liberal and uniform application of section 301 (Waiver of Administrative Conditions) on issues such as:
 - Note that Section 301 calls for a waiver of administrative conditions (requirements) if the reason an applicant cannot meet those requirements is due to the disaster that triggered the declaration.*
 - Emergency contracts and purchases.
 - *Provide additional flexibility relating to what an applicant does under duress and when time cannot be wasted by formalized selection processes.*
 - Debris removal on and from commercial and private property.
 - *Reduce the administrative burden an applicant faces when the debris has to be immediately removed for health and safety reasons, regardless of where it is or to whom it belongs.*
 - Mutual aid.
 - *Understand that immediately after a catastrophic event, people help people. The requirement for a formal agreement enacted prior to the event that allows the aid to be given with financial parameters laid out is not reasonable in catastrophic cases.*
 - Waive or cap the total amount of Mandatory National Flood Insurance Program (NFIP) Reductions that can be applied to a single applicant with the realization that an exorbitant amount of reductions will prohibit recovery.
 - *When applicants have a significant number of facilities that are penalized, their overall ability to recover fully is challenged. For example, an applicant with 50 uninsured facilities in the Special Flood Hazard Area (SFHA) could theoretically produce \$50,000,000 in penalties - an amount even the largest cities in the country would find hard to overcome.*
 - Not requiring an applicant to obtain more flood coverage than is available from the federal government (NFIP); specifically in areas where coverage is not readily available, practical and/or affordable.
 - *Requiring an applicant to obtain commercial flood insurance for amounts over what the NFIP provides is neither affordable nor practical for applicants with numerous insurable facilities. There are provisions in Stafford for the requirement to be waived by the State Insurance Commissioner, but this process can lead to great inconsistencies across the country, and within the state affected. (Each applicant must apply individually for the waiver.) It would be more consistent to do one or more of the following: waive the need for commercial insurance above the amount available from the NFIP; raise the amount available from the NFIP; establish a cap for the aggregate amount of insurance required for that category of applicant (i.e. those with numerous facilities).*
- Change to the Community Disaster Loan Program (CDL) to include:
 - The removal of the \$5 million cap to match the allowed revenue loss percentage under the CDL Program for future disasters
 - A reinstatement of the “forgiveness” clause for the CDL Program
- Provide for equipment and vehicles to be treated equivalent to facilities with replacement in cases of over 50% damage.

- *This provision should be changed for all disasters, not just “catastrophes” but has been particularly onerous for the City of New Orleans in this catastrophe. Eligible costs for vehicle and equipment replacements, specifically those needed for emergency response, critical recovery activities and public transportation, should be for that of a comparable “New” item as opposed to “Blue Book” valued or hard-to-locate replacements. The current FEMA policy is to replace these items with what you had: e.g., a 6 year old police car can be replaced with a 6 year old police car. FEMA will buy a new police car to use for the emergency period, but only reimburse for the used, engendering a very complicated and costly adjustment and reconciliation process. The policy does say, however, that if a used replacement cannot be found within a “reasonable amount of time and distance” a new replacement is eligible for reimbursement. Immediately after catastrophic event “a reasonable amount of time” is very short, indeed immediate, and for specialized equipment “a reasonable distance” is directly to the manufacturer who made the original item.*
- An increase the federal share for the Hazard Mitigation Grant Program to 100% under the realization that a “catastrophic disaster” leaves most jurisdictions unable to meet a 25% matching requirement for desperately needed mitigation measures, which risks subverting the entire intent of the HMGP in those communities that need it the most.
- Prescribe a more liberal application of section 312 (b) (1) which does not prohibit FEMA from funding a project where duplicate proceeds may be obtained, if those proceeds have not yet been obtained. This is particularly applicable for those applicants with large and complex insurance claims which may take years to settle.
 - *FEMA is allowed to pay in advance of insurance, when the insurance has not yet been received. They should be mandated to do so in catastrophic events.*
- Allow for special provision under Individual Assistance to fund transportation costs for households and businesses wanting to return to their community

Other Suggestions:

In addition to changes recommended for a “catastrophic disaster” we suggest consideration of the following general changes:

- Fund and direct FEMA to establish a National Sheltering Plan that identifies regional shelters capable of housing thousands of evacuees and/or victims from a natural disaster or a terrorist attack.
- Fund and direct FEMA to establish a National Transportation Evacuation Plan that incorporates all modes of transportation--rail, air and commercial bus--and clearly defines roles and responsibilities for preparing major evacuations.
- Recognize and fund mandatory precautionary evacuations, specifically in those areas with significant catastrophic risk profiles combined with high populations.
- Develop a uniform process for the advance of funds for permanent work under the Public Assistance program, and require states to implement the advance process accordingly.

- Permanently adopt the “Demolish-Rebuild” (Pilot) Program and make it an eligible activity under FEMA’s HMGP.
- Enhance the provision of transitional housing to displaced residents and response workers by removing restrictions that prevent interim work on permanent structures that could provide critical temporary and transitional housing.
- Change the definition of “household” so that domestic violence victims and households that need to separate temporarily in order for one member to return to work are not penalized.
- Ensure that households and other eligible individual assistance recipients do not have grant amounts reduced, based on the receipt of a loan from the SBA.
- Allow for a percentage of State management/administrative costs to be allocated to the local level or increase the applicant administrative allowance to a more realistic level (5%).
 - *Currently applicants receive a percentage based administrative allowance that amounts to \$51,000 for the first \$5,000,000 of eligible costs and ¼% of anything over \$5,000,000; this is far short of the costs that applicants are actually incurring, specifically those short on staff.*
- Authorize and fund a complete overhaul of the CFR’s (including related guides, handbooks and policies) governing disaster response and recovery not only to address current inadequacies of available response to disasters of the magnitude of Katrina and Rita, but to reflect other lessons learned for the benefit of victims of all future disasters.
- Create standards for the selection, training, placement, tenure and compensation of FEMA employees (full time and contract) in order to minimize turnover and establish adequate and consistent qualification requirements. Specifically, ensure that:
 - Policies and procedures are fully understood;
 - Application and implementation of policies and procedures are consistent;
 - Crucial decisions regarding an applicant are only made by those uniquely qualified to make them; and
 - Staff transitions are less frequent, and when they do occur a meaningful exchange of all pertinent information takes place, as opposed to simply handing over a file.
 - *Currently most of the staff involved has been inexperienced in both their area of “purported expertise” and the FEMA Programs. FEMA and those holding the master technical assistance contracts must be accountable for those sent to administer disaster relief programs.*
- Require the recognition that the definition of “reasonable costs” as found in OMB A87 includes evaluating the circumstances for which a decision was made at the time it was made, which is a far more expansive definition than FEMA’s current restrictive interpretation.
- Define and enforce criteria and succinct timelines for the “million dollar queue” process.
 - *Shorten the process and specifically ensure that versions/revisions to a project that has been through the million dollar queue, regardless of the dollar amount, do not go through the queue again.*

- Elevate the threshold for small projects to a more realistic level (< \$100,000) to allow more expeditious funding as well as reduced management costs for FEMA, the State and the applicants.
- Add an exception to the “eligible cost” determination to allow repairing, restoring, reconstructing or replacing a public facility or private nonprofit facility beyond the basis of the design as it existed immediately prior to the disaster if it provides for energy efficiency and the measures can be shown to be cost-effective. (This could be parallel to provisions for eligible upgrades to meet requirements of current codes and standards.)

House Committee on Transportation and Infrastructure
Subcommittee on Economic Development, Public Buildings,
and Emergency Management

hearing on

Legislative Fixes for Lingered Problems that Hinder Katrina Recovery

May 10, 2007

Rep. Charles Boustany, Jr., MD
Written Statement

Madame Chairwoman and Subcommittee on Economic Development, Public Buildings, and Emergency Management members –

Thank you for providing me the opportunity to testify today.

I appreciate the Subcommittee's continued support for our recovery in the Gulf Coast. I remember almost immediately after Hurricane Rita made landfall in my district, then Chairman of the Subcommittee, Bill Shuster, came to my office to personally reach out to me and my staff to offer his support. Mr. Shuster and Subcommittee staff visited Cameron Parish, Louisiana last year to witness the devastation firsthand. The Subcommittee has been a strong advocate as we work together to recover in the Gulf Coast – and I am pleased that the tradition continues today with this hearing.

As has been the case through much of the past year and a half, I find myself again needing to remind my colleagues that there were two storms of similar magnitude that hit the Gulf Coast in 2005. Today's focus on problems that hinder Katrina recovery suggests that somehow the devastation and destruction brought on by Hurricane Rita a few weeks later was not nearly as "historic" or worthy of our continued focus and attention. In fact, Hurricane Rita left behind over \$10 billion in damage along the coast of Southwest Louisiana and Southeast Texas – making it the third costliest natural disaster in U.S. history.

It is a testament to the capabilities of local officials and Southwest Louisiana residents that there was only 1 death directly attributable to the storm. Unfortunately, however, because Katrina's destruction was so massive, Hurricane Rita is often referred to by my constituents as "The Forgotten Storm."

Hurricane Rita brought high winds in excess of 120 mph and a storm surge equivalent to that of a Category 5 storm. Before making landfall, the storm was measured as the most intense hurricane in the Gulf Coast, breaking the record set by Hurricane Katrina weeks earlier.

The storm surge - as great as 20 feet in some areas - caused buildings, homes, and infrastructure to be swept away or severely damaged. The flooding went miles inland and pushed thousands of tons of debris and potentially hazardous materials several miles into the marshes and land north of the coastline.

I applaud the Subcommittee's willingness to examine legislative fixes to address some of the pending problems we face in rebuilding. Unfortunately - 18 months after the storms - many impacted local governments, organizations, and individuals have simply chosen to move on and seek other alternatives to FEMA assistance because they were ultimately ruled ineligible or simply couldn't wait any longer for aid. In addition, much of the disaster assistance - billions of dollars worth - is now being held up by bureaucratic red tape at the state level, which Congress has little control over.

The Subcommittee, however, can make a big difference by examining some of the lessons we've learned during our recovery and consider possible changes to the Stafford Act itself that might help prevent these problems from occurring again in the future.

Today, I want to take this opportunity to update the Subcommittee on some of the issues we have faced in Southwest Louisiana that, in my opinion, need to be addressed.

Inconsistent FEMA policies and procedures and constant staff turnover on the ground have plagued recovery efforts from the beginning. One issue we are dealing with right now is FEMA's inconsistencies with regards to college students' eligibility for emergency and rental assistance. In many cases, students were misled in the days after the storms and told they were eligible to receive aid. Now FEMA is seeking to recoup those monies after deciding the students weren't actually eligible. Even more frustrating, it appears the recoup letters aren't being sent out in a uniform manner. Not all students are being asked to refund the monies. Only this week has FEMA sought to further clarify its policy. This is a statewide problem. But there are other examples in my district where FEMA has provided inaccurate information regarding eligibility or simply changed the rules mid-game.

In Vermilion Parish, two elementary schools were assessed by FEMA to have cost at least 50 percent of the pre-storm value to clean and restore. As a result, both schools were determined to be eligible to be rebuilt - with FEMA covering 90 percent of the cost and the local government contributing the remaining 10 percent. Months went by with school board officials operating under the assumption that they would have two new schools. Additional land was purchased by the school board to accommodate one of the new buildings. After two more reviews, however, FEMA changed course and determined that the schools, in fact, were not eligible to be rebuilt. At the end of the day, it was determined that a low-level FEMA field agent had misled the local officials.

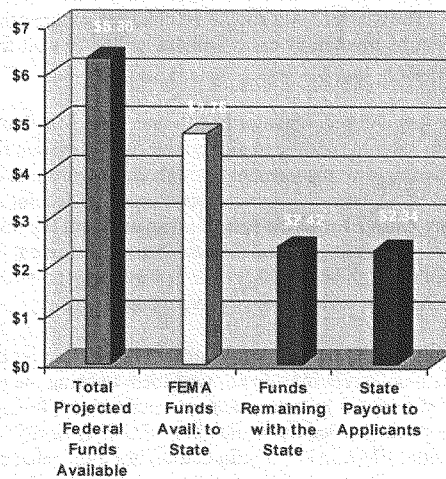
The information being provided by FEMA - and the eligibility decisions they make - should be accurate and consistent. I believe the problem can be traced to the high turnover of FEMA staff in the field. In passing FEMA reform legislation last year, Congress sought to provide officials on the ground with decision making authorities and to help prevent the constant staff turnover. Unfortunately, it appears little is being done within the Agency to

implement these reforms. I hope the Subcommittee uses its oversight role to address this issue in the coming months.

Another issue that warrants revisiting is how best to get the federal funds we approve here in Congress into the hands of disaster victims quickly and efficiently while still providing adequate safeguards against fraud and abuse. There are numerous examples in Louisiana where critical disaster funds are still being held up at the state level. Once a public or private applicant successfully completes the project worksheet requirements at the federal level – the current system requires them to undergo more levels of bureaucracy within the state before receiving payment. The Town of Vinton is still waiting for \$1.5 million in reimbursement for debris removal expenses. With an annual budget of \$7 million, this is a significant expense for the local government.

In addition, eighteen months after the storms, the Cajundome in Lafayette has not been fully reimbursed for providing shelter to about 17,000 evacuees from both Rita and Katrina. The facility, and its neighboring convention center, served as a shelter for nearly two months. The facilities were closed an additional 60 days afterwards for repairs and clean-up. Officials estimate that the constant use of the buildings for such an extended period of time aged the infrastructure by about 4 years.

The chart below, which is updated each week and provided to the Louisiana delegation by FEMA, summarizes the payout of statewide Public Assistance as of May 5, 2007. Of the \$4.76 billion in funds made available to the state so far, a little less than half has been paid out to the applicants.



In Cameron, the hardest hit Parish, only \$27 million of the \$99 million currently available has reached its intended recipients. In Vermillion Parish, only about 55 percent of the

available funds have been released. The numbers for Calcasieu Parish are better – with almost 75 percent of the available funds being dispersed.

The current payment system should be streamlined so that applicants are not required to go through multiple layers of government bureaucracy to receive payments.

Congress should also consider changes to the Stafford Act to allow FEMA to reimburse other federal agencies for certain work they perform after a disaster. The Sabine National Wildlife Refuge was covered with trash and debris after Hurricane Rita washed over its marshes and wetlands. I toured the Refuge weeks after the storm, and couldn't believe my eyes. Department of Interior statistics show the approximately seven million cubic meters of debris (250,000 dump truck loads) contained everything from teddy bears to tanks the size of large 18-wheelers. A post hurricane assessment identified 1,400 potential hazardous material items containing an estimated 115,000 to 350,000 gallons of hazardous liquids and gases blown and submerged throughout refuge wetlands.

Unfortunately, the Stafford Act prohibited FEMA from being able to reimburse the Refuge for its clean-up costs – and the Refuge did not have the funds to begin the work. It ultimately took about 8 months - and a Congressional earmark of \$12 million - to get the money flowing and the clean-up underway. But it took considerable effort to get that funding inserted in the 4th Supplemental spending bill last year. We shouldn't have to wait for a Congressional earmark to move forward while thousands of gallons of hazardous material threaten our wetlands and critical habitats.

I am pleased to report the clean-up of the Sabine Refuge was completed in February – about 17 months after the storm. The Stafford Act should be changed so that other federal agencies can be reimbursed by FEMA in emergency cases without having to wait for a direct appropriation from Congress.

Louisiana's local and state law enforcement also had to wait until March of 2006 – nearly six months after the storms – to receive funding to aid in their justice system recovery. Prior to a direct appropriation provided to law enforcement through the Department of Justice, Bureau of Justice Assistance (DOJ/BJA), criminal agencies received little federal assistance. The loss of critical infrastructure coupled with the loss of adequate local tax revenue meant that state and local agencies were struggling to find the resources to enforce the law. Once these critical funds were provided through DOJ/BJA, criminal justice agencies throughout the Gulf were able to restore operations to a level necessary to support recovery.

A strong working partnership developed between state and local agencies and their federal partners at DOJ/BJA. This unique relationship allowed them to bring the collective experience from all levels of criminal justice to bear on the problems facing the region. Funding was placed where it was needed most and allocated on a priority basis. The entire process was coordinated with FEMA to ensure funds were not duplicated and all proper controls were in place.

State and local agencies can better serve the public and respond to the law enforcement needs in a disaster area if FEMA is provided the authority to release emergency funds directly to DOJ/BJA – which is the traditional conduit for federal law enforcement funding. By allocating funds through DOJ/BJA, law enforcement and public safety officials would be able to directly access the critical funding under appropriate guidelines. I would like to work with the Subcommittee to provide FEMA with the clear statutory authority they need to achieve this goal.

Debris removal on private lands has also been an impediment in our recovery in Southwest Louisiana. Taxpayers should not have to bear the cost of clean-up on private lands, but in some cases; the issue is not so cut and dry. In one instance, a Cameron Parish School Board building was washed two-blocks away and settled on private land within a community subdivision. In that case, the homeowners were required to pay for the cost of removing the public debris. The Stafford Act does not currently allow for reimbursement for removal of public debris on private lands.

There were also cases where the U.S. Army Corps of Engineers (or a private contractor) was on site clearing debris on a public right-of-way, but could not clear debris on the adjacent private lands. This practice resulted in additional trips at a greater expense. It seems to me that it could be cost effective if the process could be modified in some way to allow for the Corps to do the additional work on the private lands while they are already on site.

The Stafford Act should also be amended to authorize FEMA to reimburse expenses incurred for re-interment. In Cameron Parish, nearly 350 bodies, crypts, and caskets had to be re-interred after the storm at a cost of approximately \$600 - \$800 per re-interment. The remains were washed away from public and private cemeteries, and in many cases, no one claimed the bodies. Local mortuaries undertook the task at their own expense because FEMA is not authorized to reimburse the mortuaries. The mortuaries are now seeking assistance through the Louisiana Recovery Authority – but over 18 months later – they still have not received reimbursement. I imagine that this is likely an issue in New Orleans as well. We should respect the deceased and ensure that the remains are re-interred quickly and with the dignity they deserve. We shouldn't have to spend months and months trying to figure out whose responsibility it is to bear this cost.

Finally, I want to mention an issue that is still in its infancy, but merits bringing to the Committee's attention. As my colleagues probably know, FEMA is seeking to transfer long-term housing in the Gulf Coast to HUD later this year. There is concern that little is being done to work with the local housing authorities to help facilitate this change. I strongly believe that FEMA and HUD should consult with these authorities so that mass confusion does not ensue when the transfer takes place. I am hopeful that they are reaching out to the appropriate local authorities and want to make sure we continue to monitor this issue as the process unfolds.

I want to thank the Subcommittee again for allowing me to testify today. There is no doubt that Hurricane Rita has forever changed our coast, but no force of nature is strong enough to destroy the spirit that helped the people of Southwest Louisiana recover and rebuild. Much

more work remains to be done. But we can learn from this tragedy and prepare ourselves for future disasters of the magnitude of Katrina and Rita. The Subcommittee should use this unique opportunity to make the changes that need to be made now – so that future recovery efforts aren't hindered.

I'd be happy to take any questions.

**Remarks of Congressman William Jefferson
before the Subcommittee on Economic Development, Public Buildings, and
Emergency Management
May 10, 2007**

Madame Chairwoman, I'd like to thank you for the opportunity to speak before the subcommittee today on matters of great importance not only to my constituents, but to the nation as a whole. As we consider how to best deal with the challenges that face us in rebuilding the Gulf coast, we have the opportunity to prevent some things that went wrong from happening in the future. The Stafford Act was designed to provide a comprehensive framework for the government's response to a major disaster. As we have learned, many aspects of it, however well-meaning, worked against their objective. I would like to highlight some of the more pressing needs that our community faced in dealing with the limitations of the Stafford Act and some ways that I suggest we may remove some of them.

Providing transitional housing for our residents who wish to return is the most pressing issue we face. Without adequate transitional housing stock, our residents have no choice but to stay away from the city they call home and begin to rebuild until they have resolved temporary housing needs. A good option for housing displaced residents would be to expand the rental reimbursement program and provide more flexibility to meet the needs of specific disasters. In New Orleans, we have had numerous owners of damaged apartment buildings offer to use their own funds to rehabilitate their property in exchange for guarantees from FEMA that it would pay rents for returnees. In this scenario, local property owners would benefit from having a guaranteed revenue source, and the tenants would be back at home to work out school, job, and permanent housing solutions. They would also be in safe structures. Unfortunately, FEMA did not have the authority to set up such mutually beneficial arrangements and a great opportunity was wasted. The Stafford Act relies too heavily on providing mobile or prefabricated housing units for displaced residents. Housing citizens in trailers is acceptable on a very short-term basis, maybe a month or so. However, in a disaster of Katrina's magnitude, long-term housing in trailers is unacceptable. We now are nearing the two year anniversary of the storm and we still have thousands of residents in trailers. As another hurricane season

approaches, these individuals are in great danger should another catastrophic storm hit the Gulf coast.

Beginning immediately after the storm, and continuing well into the subsequent weeks, nations across the globe volunteered to send financial assistance, manpower support, and goods in kind to help alleviate the situation. Unfortunately, our own incompetence left these generous offers on the table and the needs of thousands of hurricane victims unfulfilled. An allegedly overtaxed FEMA simply did not accept many of these offers, or slowed them down with bureaucratic inertia. From three of our staunchest allies, Canada, Israel, and Great Britain, we declined 54 of 77 aid offers. Offers of communications equipment and medical supplies, two of our most pressing needs, were never accepted. Even when we did physically receive items from abroad, there was no system in place to adequately distribute them. A shipment of medicine and supplies from Italy was left to perish in the elements and were rendered unusable. Almost six million meals spoiled due to inadequate storage capabilities. Considering the tragic suffering of our citizens who were stranded at the New Orleans Convention Center with virtually no sustenance, this massive oversight is especially cruel. The Greek government offered to send two large cruise ships to the Gulf to serve as badly needed hospital facilities and housing for residents and emergency personnel. This offer was rejected by the Department of Homeland Security, who shortly thereafter contracted with Carnival Cruise Lines for two of their ships at a cost of \$249 million. We must increase our storage network's capabilities and establish a streamlined process by which donations in kind can be accepted and distributed. The United States government should never again be in a position to turn down the generosity of other nations due to our own logistical problems.

The safeguards in the Stafford Act designed to ensure that local businesses receive contracts have proven ineffective. Lucrative contracts were given to a small group of national firms, who then had no incentive to give subcontracts to local companies. Worse, local contractors were given low tier contracts, calling upon them to do the actual work but for sometimes one-seventh of the profits received by the large

firms. We have seen a number of businesses in the New Orleans area left out in the cold, watching as trucks with out-of-state license plates performed work that they rightfully should have been doing. Local preference guidelines must be codified to ensure that a specific number of contracts go to businesses in affected areas. The current language as written gives a preference to local businesses, but provides no mechanism or guidelines for its enforcement. Does the local preference mean, all things being equal, the local firm is awarded the contract? Or does it mean competition must be set aside for qualified local firms unless none can be found? The latter construction is the only sure way to ensure that the local program is meaningful.

We have seen the logjam that results at the state level when dealing with CDBG funding. At the federal level, money is allocated based on the needs of damaged areas. Once at the state level, however, this funding is diluted by other interests. Funding that must be approved by the state is slowed down by the legislature. Localities not damaged by the storm but which housed large numbers of evacuees have sought reimbursement for expenses occurred. With their relative strength in the state legislature, this top-down approach results in legislators outside of severely affected areas having a disproportionate influence over where funding ends up. The end result is that badly needed funds are not flowing nearly as quickly as they should nor in the full amounts to ravaged areas that Congress intended. To alleviate this problem and create a more flexible distribution of dollars, money should be granted directly to parishes or counties based on the devastation each sustained.

Due to the sheer magnitude of destruction to our infrastructure, the Gulf coast has countless construction projects funded through project worksheets. When calculating the cost to replace equipment, vehicles, or facilities, the Stafford Act provides that funding will be provided only for an equivalent item. This inflexible policy frequently results in absurd outcomes. If a building has a 20-year old air conditioning system that is completely destroyed, then the only authorized replacement is another 20-year old unit, rather than a new unit that is comparable in performance. A century-old school building can only be renovated to the specifications that existed prior to being damaged, and

cannot be improved in any way. This is simply a valuation issue that requires correction. Reimbursement costs should be provided to items or structures that are similar in function to what was there previously, and not a carbon copy of what is likely outdated equipment.

We have learned a number of lessons as we continue to recover from Hurricane Katrina. Some of these issues were known to be a problem beforehand, and this disaster only served to underscore their importance. Several issues that we face today we are only now discovering for the first time. If there is any good to come from what we have endured, it is to guarantee that this will never happen again. If we can objectively look at our failures and shortcomings in our recovery effort, we can improve our responses to future disasters.

Thank you Madame Chairwoman.

Congressman Charlie Melancon
Testimony before the House Transportation and Infrastructure
Subcommittee on Economic Development, Public Buildings,
and Emergency Management
May 10, 2007

Congresswoman Holmes Norton, Ranking Member Graves, and members of the Subcommittee:

I am proud of the work this Congress has done to address the great needs of the Gulf Coast and look forward to working with this Committee to further help my constituents rebuild their communities and move back home. Thank you for inviting me today to speak about the problems my district continues to face 20 months after Hurricane Katrina and Rita made landfall in Louisiana.

I do not know if it has been the Stafford Act itself, or FEMA's interpretation of the Stafford Act, that has most hindered Gulf Coast rebuilding, but I am very glad that this subcommittee recognizes the massive number of issues the Gulf Coast still faces and has taken this very important step to address these.

The Stafford Act was to be a flexible document which would enable FEMA to respond to a disaster reflective of the devastation suffered by the community. However, from my experience over the last 20 months, the Stafford Act was not written for storms with devastation the size of Katrina and Rita, nor was FEMA prepared to respond – particularly in the long-term – to storms of this magnitude.

Let me share with you some of the problems we are still facing in the third district...

- (1) FEMA only allows Public Assistance Administrative funds to be used for *overtime pay, per diem, and travel expenses*. The State would like to use these funds to provide additional resources for parish and city governments in the preparation of project applications. Colonel Jeff Smith, head of the Louisiana office of Homeland Security and Emergency Preparedness, believes that there is a pot of *\$20 million* that can be used for PA administration. Both the State and local governments would like this money, that the State *already* has, to be freed up to pay for much needed staff to help process the enormous amount of technical paperwork required to be filed in the rebuilding process.
- (2) Each PW includes management costs in the cost estimate of the project. But, according to the local governments, this estimate is less than 2-percent of the cost of the project. Some have even said that they get less than 1-percent. Therefore, I think Congress should increase the percentage for management costs for each PW. Local governments say they believe 5-percent would be more in line and sufficient.

- (3) Yet another problem Louisiana and the 3rd district is facing with regard to project management cost is the overwhelming number of projects that need to be managed. Instead of managing projects on a case-by-case basis, many believe that lumping both large and small projects together with a stand-alone project management PW would be the most prudent way to oversee large construction projects with multiple units. Currently, FEMA allows small projects to be lumped together with a stand-alone project management PW. From the sheer number of repairing and rebuilding projects in New Orleans, St. Bernard, Plaquemines, and other affected parishes, I think Congress should allow these devastated communities to hire one entity to oversee a coordinated rebuilding plan.
- (4) The Stafford Act funds projects on a case-by-case basis and does not take into account the extent of damage. The Stafford Act even reduces a PW by 25% should the local government choose not to repair or rebuild the damaged facility. A completely devastated community may not need the number of facilities that were there before the storm – either for mitigation purposes or because of a reduced population. In essence the Stafford Act penalizes local communities for trying to rebuild smarter.

All but four schools in St. Bernard parish were destroyed after the storms and less than 40% of the pre-storm population has returned to the parish. Doris Voitier, Superintendent of St. Bernard parish schools, recognized that rebuilding all the damaged or destroyed schools is not necessary and has decided to consolidate several facilities to reflect the current needs of the community. The Stafford Act penalizes her for making these very difficult decisions.

This example illustrates how the Stafford Act was not written to respond to such wide-spread, complete devastation. The Post-Katrina Reform Act of 2005 returned this penalty to 10% - for prospective storms. However, Congress should reduce this penalty or even eliminate it for areas completely devastated by events of the enormity of Katrina and Rita.

- (5) If FEMA determines that a building received less than 51% of damage, the building is eligible for the cost of repairing its damaged parts. However, damage to a building is not necessarily limited to what FEMA deems eligible for repair. For instance, if the bottom floors of a building were flooded, but the top floors were not, FEMA will only pay for the damage on the bottom floors. Many times local communities cannot repair the parts of buildings FEMA determines eligible without performing additional work, and are then forced to incur the additional cost. Therefore, almost all repair projects will be improved projects, but FEMA will pay only for the direct eligible disaster-related repairs.

Further, FEMA's distinction between an improved project and an alternate project often seems arbitrary. The determination of an improved or alternate project alters the amount of money local communities can receive. FEMA should clarify

its definition of alternate and improved projects to assist local governments in their rebuilding decisions.

- (6) Public buildings that are damaged in a disaster are eligible for repair or rebuilding, depending on the amount of damage. However, damaged or destroyed government-owned vehicles and equipment are replaced with the Blue Book value of these items. A significant number of vehicles and equipment were damaged in the floods after Katrina. FEMA should not reduce the reimbursable amount of severely damaged equipment and vehicles to their depreciated value. These damaged vehicles should be replaced like severely damaged public buildings – up to current codes and standards.
- (7) FEMA was grossly understaffed to assess the magnitude of devastation left in the wake of Katrina and Rita. Therefore, many contractors undervalued the scope of damage or underestimated the cost of the project due to increased prices for labor and supplies. An applicant has the right to appeal a PW approved by FEMA if they believe the PW is incorrect. However, the PW appeal goes back through the original chain of approval. FEMA also has no sense of urgency when evaluating these appeals, thus slowing the pace of recovery and rebuilding.

Jefferson parish, for example, is *still* waiting on a PW to be approved for emergency work done immediately after Katrina – almost 21 months after the storm.

St. Bernard parish's has no budget reserves left to incur the costs of a project that may or may not be eligible for repair. They therefore must wait for the approved PW before they can even begin a project.

To hasten the approval process, both the State and local governments agree that a third party should review these appeals instead of sending the disputed PW back to FEMA.

- (8) In addition, projects over \$1 million are sent to the million-dollar queue to be further scrutinized. Local officials call this the “black hole” because it takes months to hear from FEMA once these PWs are sent to the queue. Again, there is no sense of urgency to approve these projects. If the local governments appeal a PW in the million-dollar queue, the PW continues to go through the million-dollar queue as long as the estimate cost of the project is over \$1 million. Both State and local officials agree that FEMA should define and enforce timelines for this process.
- (9) If a PW is approved for less than \$55,500, the state gives the local government this amount up front. The local government would like to see this threshold increased in order to streamline the construction of these smaller projects and to reduce the administrative costs of these projects – which are high relative to the cost of the project.

- (10) I am also concerned with varying costs of debris removal throughout the Gulf Coast. I have heard that debris removal cost ranged from \$7 per-cubic yard in some areas of Mississippi to over \$100 per-cubic-yard in Louisiana. The prices varied from location to location as well. Since the Army Corps of Engineers determined the price of debris removal, the Corps should disclose these prices and explain why they varied dramatically.
- (11) FEMA periodically releases information on evacuees of Katrina and Rita. However, this information is aggregated by state. Congress should instruct FEMA to release the information by city/parish, the employment status of these individuals/households, and possibly the health status of evacuees in order to determine the long-term needs of evacuees.
- (12) Both the State and local governments have complained about the constant turnover of FEMA employees in the long-term recovery office. This was a problem with casework for individual assistance and is currently hindering the PW approval process. Jefferson parish reported that there have been 10 project coordinators since Katrina (a new person every 2 months), which does not include the turnover in the project offices. Congress should instruct FEMA to maintain staff in these offices to more consistently help – not hinder – the rebuilding of the Gulf Coast.

These issues illustrate the inflexibility of FEMA and the Stafford Act which hinders the rebuilding of completely destroyed communities and decimated tax bases. I ask that this Committee address these issues quickly in order to get the citizens, who have been displaced for almost 21 months, back home. Thank you for allowing me to testify. I ask that my testimony be placed in the record.